



东方电气
DONGFANG ELECTRIC

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

2022 ANNUAL REPORT



Important Notice

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

II. Particulars of absent Directors

Position of absent Director	Name of absent Director	Reason for absence	Name of the proxy
Chairman	Yu Peigen	On business trip	Song Zhiyuan
Director	Zhang Jilie	On business trip	Song Zhiyuan
Director	Zhang Yanjun	On business trip	Liu Zhiquan

- III. Da Hua Certified Public Accountants (Special General Partnership) has issued the audit report with unqualified opinions to the Company.
- IV. Yu Peigen, the person-in-charge of the Company, Liu Zhiquan, the person-in-charge of accounting and Zheng Xingyi, the head of the accounting department (person-in-charge of accounting), warrant the truthfulness, accuracy and completeness of the financial report in this annual report.
- V. Profit distribution plan or plan to convert surplus reserves into share capital approved by the Board during the Reporting Period
- As audited by Da Hua Certified Public Accountants (Special General Partnership), net profit attributable to the owners of the parent company in 2022 amounted to RMB2,854,650,575.05. The parent company realized net profit of RMB1,145,716,562.34. The Company, based on 3,118,533,797 shares in the total share capital as at the disclosure date of annual report, proposed to distribute a cash dividend of RMB3.35 (tax inclusive) per 10 shares, totaling RMB1,044,708,822.00. The Company did not convert any capital reserve into share capital or make any bonus issue. The proposal still needs to be submitted to the 2022 annual general meeting for consideration and approval.
- VI. Risks disclaimer of the forward-looking statements
- For the risks described in this report, please refer to the possible risk factors and strategies stated in the “Discussion and Analysis on Future Development” in the Report of the Board of Directors.
- VII. Any appropriation of fund by the controlling shareholder and its related parties for non-operating purpose
- No
- VIII. Any provision of external guarantee in violation of the stipulated decision making procedure
- No
- IX. Whether more than half of the Directors cannot guarantee the authenticity, accuracy and completeness of the annual report disclosed by the Company
- No
- X. Material risk alert
- Nil
- XI. Others
- Nil

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Documents Available for Inspection	2022 Annual Report of the Company with written signatures of the person-in-charge of the Company
	The accounting report signed and sealed by the person-in-charge of the Company, the person-in-charge of the accounting department and the person-in-charge of the accounting institution
	Articles of Association



CHAIRMAN'S STATEMENTS



Yu Peigen

Dear Shareholders,

2022 was an extraordinary year. The Company seized the opportunity of industry development, calmly tackled the challenges, made every effort to serve the construction of a new energy system, and forcefully promoted the continuous improvement of production and operation. Total operating revenue for the year amounted to RMB55.353 billion, representing a year-on-year increase of 15.76%; total profit amounted to RMB3.325 billion, representing a year-on-year increase of 24.67%. The main operating indicators reached new heights in history, while quality development advanced to a new stage.

In 2022, we forged ahead and continued to strengthen our innovation drive and enhance our core competitiveness. Adhering to the strategic leadership of science and technology innovation, we formulated and issued the Ten-Year Plan for Basic and Applied Basic Research (《基礎研究和應用基礎研究十年規劃》) and the Three-Year Action Plan for Science and Technology Innovation (《科技創新三年行動計劃》), and set up a complete medium- and long-term science and technology innovation planning system. By strengthening the construction of the innovation platform, the advanced hydropower equipment innovation alliance and hydrogen energy innovation alliance were approved as the first batch of provincial-level innovation alliances in Sichuan Province. The Company has made outstanding achievements in scientific and technological innovation, including the completion of the self-developed Class F 50MW heavy-duty gas turbine with intellectual property rights. The Company insisted on the synergistic development of green transformation and digital transformation and published the Action Plan for Supporting Carbon Peaking and Carbon Neutral Action Plan, driving the core competitiveness of the enterprise by innovation.

In 2022, we made real efforts to enhance development efficiency and strengthen the foundation of development. We resolutely took special actions to improve quality and efficiency, refined the control measures for the “two funds” (inventory and accounts receivable), continuously increased the turnover rate of the “two funds”, and improved the cost management system, leading to continuous increase in return on net asset and profit growth exceeding revenue growth. The three-year reform campaign of state-owned enterprises was successfully completed, and the effectiveness of management was improved. The reform of the three systems continued to deepen, and the market-oriented employment and salary allocation mechanisms were continuously improved, with the labor production rate, personnel expense rate and labor cost profit rate of all employees reaching the best level since the 13th Five-Year Plan. We are promoting the implementation of international business strategies, improving the organization of the industry, strengthening the balanced regional layout, and building a unified platform for the hydrogen energy industry. The management level of enterprises and the layout of the industry have been optimized and improved with good trend of high-quality development.

CHAIRMAN'S STATEMENTS (CONTINUED)



In 2022, we kept our righteousness and integrity, strengthened corporate governance and insisted on compliance. We systematically promoted risk control, compliance and internal control management and built a “two verticals and one horizontal” risk control system; further strengthened the work of corporate governance in accordance with the law and comprehensively promoted the full coverage of the Company’s compliance duty list. The Company has further strengthened its corporate governance system based on the Articles of Association, continued to strengthen internal supervision, and further enhanced the standardization of the Company’s operation; carried out information disclosure and investor relations management in a high-quality manner, and won the “A” rating (the highest level) of information disclosure by the SSE for eight consecutive years, and was selected as one of the “2022 Best Practice Cases of the Board of Supervisors of Listed Companies”. In addition, the Company was awarded the “2022 Best Practice of the Board of Directors of Listed Companies”.

The year 2023 is not only the opening year for the full implementation of the spirit of the 20th National Congress of the Communist Party but also a crucial year for the development of the 14th Five-Year Plan to inherit the past and start the future. The Company fully implemented the leading strategy in five major areas, including talent, technology, quality, cost, and industry, to emphasize innovation, improve quality and efficiency, promote transformation, and effectively prevent and resolve major risks, which further enhanced the core competitiveness, vigorously promoted the Company’s high-quality development and accelerated the construction of a world-class enterprise.

The mission calls for responsibility, and practical work achieves the future. Dongfang Electric will forge ahead and maintain an unwavering and a pragmatic spirit, and strive tirelessly to create a world-class equipment manufacturing group.

Chairman: Yu Peigen
March 31, 2023

I. DEFINITIONS

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

Definitions of frequently-used terms

A Shares	domestic shares of the Company, with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange and traded in RMB
Board of Directors or Board	the Board of Directors of the Company
DEC, Company	Dongfang Electric Corporation Limited
Controlling Shareholder, Dongfang Electric Corporation	DEC Group
Director(s)	the director(s) of the Company
Corporate Governance Code	Corporate Governance Code as set out in Appendix 14 to the Listing Rules
H Shares	overseas listed foreign shares of the Company, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Reporting Period	From 1 January 2022 to 31 December 2022
Share(s)	ordinary shares in the capital of the Company with a nominal value of RMB1.00 each, comprising A Shares and H Shares
Shareholder(s)	holder(s) of the Share(s) of the Company
SSE	Shanghai Stock Exchange
Stock Exchange	The Stock Exchange of Hong Kong Limited
Supervisor(s)	the supervisor(s) of the Company
Supervisory Committee	the supervisory committee of the Company
RMB, RMB'0000, RMB100 million	Renminbi Yuan, Renminbi '0000, Renminbi 100 million
EPC	Engineering Procurement Construction

COMPANY PROFILE AND MAJOR FINANCIAL INDICES

I. COMPANY INFORMATION

Chinese name of the Company	東方電氣股份有限公司
Abbreviation of the Chinese name of the Company	東方電氣
English name of the Company	Dongfang Electric Corporation Limited
Abbreviation of the English name of the Company	DEC
Legal representative of the Company	Yu Peigen
Registered and business address	18 Xixin Road, High-Tech District (Western District), Chengdu City, Sichuan Province, the PRC
Postal code for registered and business address	611731
Company website	http://www.dec-ltd.cn/
E-mail	dsb@dongfang.com
Registered capital of the Company	RMB3,118,533,797

COMPANY PROFILE AND MAJOR FINANCIAL INDICES (CONTINUED)

II. CONTACT PERSONS AND CONTACT METHODS

	Secretary to the Board of Directors	Representative of securities affairs
Name	Feng Yong	Liu Zhi
Contact address	18 Xixin Road, High-Tech District (Western District), Chengdu City, Sichuan Province, the PRC	18 Xixin Road, High-Tech District (Western District), Chengdu City, Sichuan Province, the PRC
Telephone	028-87583666	028-87583666
Fax	028-87583551	028-87583551
E-mail	dsb@dongfang.com	dsb@dongfang.com

III. INFORMATION DISCLOSURE AND PLACES FOR INSPECTION FOR RELEVANT DOCUMENTS

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

IV. SHARE INFORMATION

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

V. OTHER INFORMATION

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

COMPANY PROFILE AND MAJOR FINANCIAL INDICES (CONTINUED)

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

(I) Major accounting data

Unit: Yuan Currency: RMB

Major accounting data	2022	2021	Year-on-year increase/decrease (%)	2020
Total operating income	55,353,140,128.96	47,819,166,940.47	15.76	37,282,871,287.38
Operating income	54,179,060,388.71	46,755,975,362.02	15.88	36,238,925,547.37
Net profit attributable to shareholders of the Company	2,854,650,575.05	2,289,036,817.45	24.71	1,861,998,155.29
Net profit after deducting non-recurring profit or loss attributable to shareholders of the Company	2,381,648,833.18	1,762,974,466.73	35.09	1,528,912,992.37
Net cash flow from operating activities	8,410,116,418.30	-4,420,888,980.16	N/A	-2,748,802,008.23

	At the end of 2022	At the end of 2021	Year-on-year increase/decrease (%)	At the end of 2020
Net asset attributable to shareholders of the Company	34,981,476,376.39	32,497,661,980.41	7.64	30,907,668,527.78
Total asset	115,265,060,467.39	103,104,573,304.33	11.79	97,795,137,769.16

COMPANY PROFILE AND MAJOR FINANCIAL INDICES (CONTINUED)

(II) Major financial index

Major financial index	2022	2021	Year-on-year increase/decrease (%)	2020
Basic earnings per share (RMB/share)	0.92	0.73	26.03	0.6
Diluted earnings per share (RMB/share)	0.92	0.73	26.03	0.6
Basic earnings per share after deducting non-recurring profit or loss (RMB/share)	0.76	0.57	33.33	0.49
Weighted average return on net assets (%)	8.43	7.20	Increase by 1.23 percentage points	6.19
Weighted average return on net assets after non-recurring profit or loss (%)	7.03	5.55	Increase by 1.48 percentage points	5.08

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

- (1) Reasons for the change in the net profit after deducting non-recurring profit or loss attributable to shareholders of the Company for the year: the net profit after deducting non-recurring profit or loss attributable to shareholders of the Company for the year increased by 35.09% year-on-year, which was mainly due to the increase in sales income during the period; and the corresponding increase of gross profit.
- (2) Reasons for the change in basic earnings per share after deducting non-recurring profit or loss: basic earnings per share after deducting non-recurring profit or loss for the year increased by 33.33% year-on-year, which was mainly due to the increase in the net profit after deducting non-recurring profit or loss attributable to shareholders of the Company for the year.

COMPANY PROFILE AND MAJOR FINANCIAL INDICES (CONTINUED)

VII. MAJOR FINANCIAL DATA OF 2022 BY QUARTERS

Unit: Yuan Currency: RMB

	First quarter (January to March)	Second quarter (April to June)	Third quarter (July to September)	Fourth quarter (October to December)
Operating income	13,818,651,935.10	13,504,759,600.77	12,337,105,382.89	14,518,543,469.95
Net profit attributable to shareholders of the Company	926,080,213.76	848,055,927.62	725,894,607.78	354,619,825.89
Net profit after deducting non-recurring profit or loss attributable to shareholders of the Company	663,052,086.79	775,061,043.07	696,732,490.50	246,803,212.82
Net cash flow from operating activities	-3,596,336,427.66	5,995,626,262.14	1,307,062,184.55	4,703,764,399.27

COMPANY PROFILE AND MAJOR FINANCIAL INDICES (CONTINUED)

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

Unit: Yuan Currency: RMB

Items of Non-recurring Profit or Loss	Amount for 2022	Amount for 2021	Amount for 2020
Profit or loss from disposal of non-current assets	49,229,605.55	269,961,912.16	4,983,963.29
Tax refund or exemption without authorized approval or official approval document or of incidental nature	-	-	-
Government grants charged to profit or loss for the current period (except for those closely related to the normal operation of the Company and gained constantly at a fixed amount or quantity according to a certain standard based on state policies)	154,531,765.68	140,101,724.20	174,108,896.61
Fund occupation fee charged to non-financial enterprises through current profit or loss	-	-	-
Gains from the difference between the investment costs of acquisition of subsidiaries, associates and joint ventures and share in the net fair value of the identifiable assets of the investee when investing	-	-	-
Profit or loss of non-monetary asset swap	-	-	-
Gains and losses from entrusting others with investment or asset management	-	-	-
The provision for impairment of assets due to force majeure, such as natural disasters	-	-	-
Gains/(losses) of debt reorganization	135,649,171.95	-74,096.67	24,050,437.61
Corporate restructuring costs, such as employee resettlement costs and integration costs	-	-	-
Gains and losses over fair value arising from a transaction in which the transaction price is obviously unfair	-	-	-
Net gains and loss of the subsidiaries arising from the merger of enterprises under the common control from the beginning of the period to the date of merger	-	-	-
Gains/(Losses) arising from matters not related to the Company's ordinary operation	-	-	-

COMPANY PROFILE AND MAJOR FINANCIAL INDICES (CONTINUED)

Items of Non-recurring Profit or Loss	Amount for 2022	Amount for 2021	Amount for 2020
Gain or loss on change of fair value arising from trading financial assets, derivative financial assets, trading financial liabilities, derivative financial liabilities and the investment income of the disposal of trading financial assets, derivative financial assets, trading financial liabilities, derivative financial liabilities and other debt investments, other than the effective hedging business related to the Company's normal business	-6,572,214.18	206,575,808.25	-36,828,948.95
Reversal of impairment provision on receivable individually conducted impairment test	365,527,834.86	243,647,475.20	255,791,538.71
Profit or loss from entrusted loans	-	-	-
Profits and losses arising from changes in fair value of investment property using fair value model for subsequent measurement	-	-	-
Effect of one-off adjustment to current profit or loss according to the requirements of tax and accounting laws and regulations on current profit or loss	-	-	-
Custodian income from entrusted management	-	-	-
Other non-operating income and expenses other than the above mentioned items	-2,465,368.22	3,309,529.56	-89,681,731.03
Other profit and loss items falling within the definition of non-recurring profit or loss	-79,287,619.06	-171,730,451.97	-
Less: impacted amount in income tax	95,561,988.67	131,056,842.88	-27,145,318.61
Impacted amount in non-controlling shareholders' equity (after tax)	48,049,446.04	34,672,707.13	26,484,311.93
Total	473,001,741.87	526,062,350.72	333,085,162.92

IX. ITEMS AT FAIR VALUE MEASUREMENT

Unit: Yuan Currency: RMB

Item	Opening Balance	Closing Balance	Changes during the periods	Impact amount of the current profit
Held for trading financial assets	1,466,444,004.12	1,031,815,888.77	-434,628,115.35	-54,155,168.75
Other equity instrument investments	52,300,000.00	643,319,010.30	591,019,010.30	0.00
Derivative financial liabilities	0.00	2,725,701.24	2,725,701.24	-2,725,701.24
Total	1,518,744,004.12	1,677,860,600.31	159,116,596.19	-56,880,869.99

REPORT OF THE BOARD OF DIRECTORS

I. DISCUSSION AND ANALYSIS OF OPERATIONS

(I) Taking a Leap Forward in High-quality Development

In 2022, the Company strived to drive the production and operation to continue to improve, with the good momentum of high-quality development being further consolidated and strengthened. In 2022, the Company recorded a total operating income of RMB55,353 million, representing an increase of 15.76% as compared with last year; net profit attributable to shareholders of the parent company amounted to RMB2,855 million, representing a year-on-year increase of 24.71%; and weighted average return on net assets was 8.43%, representing an increase of 1.23 percentage points as compared with the corresponding period last year.

(II) Market Expansion and Enhancement

The Company emphasized the promotion of green and low-carbon transformation of energy and the construction of new power systems, highlighting the role of industry-wide planning and coordination, and collaboratively promoting integrated marketing. In 2022, the new orders of the Company amounted to RMB65,579 million, representing a year-on-year increase of 16.29%. In particular, high-efficient clean energy equipment accounted for 33.07%, renewable energy equipment accounted for 27.17%, engineering and trade accounted for 12.96%, modern manufacturing services accounted for 12.23%, and emerging growth business accounted for 14.57%.

The market share of gas power had obvious advantages, and while maintaining the leading position in the F-class market, the Company continued to explore the H-class gas turbine market; the market of nuclear power achieved a breakthrough in the order of high temperature gas-cooled reactor equipment; the clean coal power continued to make strides, and a number of high parameter secondary reheat projects were awarded; the market share of hydropower remained stable, with the bidding of regular hydropower projects such as Dong Sahong in Laos and pumped storage projects in Panan and Hami. New orders won for wind power throughout the year were at a new record high. The orders of modern manufacturing services industry recorded a historical new high, with the first batch of orders from Xinjiang and Inner Mongolia for the flexible transformation of coal-fired power generating units and the gradual opening up of the “Synergistic Renovation in Three Aspects” market. In terms of overseas markets, we obtained EPC Orders for 308MW Solar Photovoltaic Projects in Azerbaijan and 500MW Solar Photovoltaic Projects in Uzbekistan, achieving a breakthrough in large-scale overseas photovoltaic projects. In terms of emerging industry, we achieved a new breakthrough in the business model of hydrogen energy, wind energy and photovoltaic energy synergy, and secured orders for photovoltaic and hydrogen fuel cell engines in Gansu.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

I. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

(III) Fruitful Achievements in Scientific and Technological Innovation

In 2022, the Company further implemented the innovation-driven development strategy and invested RMB3.105 billion in research and development, accounting for 5.73% of its operating revenue, obtained 40 provincial, ministerial and above level awards, presided over and participated in the formulation or amendment of 3 and 45 national standards, respectively; and presided over and participated in the formulation or amendment of 10 and 64 national standards, respectively. Outstanding achievements were made in scientific and technological innovation. The first nationally produced F-class 50MW heavy-duty gas turbine was completed and put into operation for grid-connected power generation, marking a key step forward in the independent development of domestic heavy-duty gas turbines; the Company maintained the leadership in independent nuclear power equipment and completed the development and delivery of the “Guohe No. 1” nuclear steam generator; in the selection of the best global WTGs published by Windpower Monthly, an authoritative magazine in the wind power industry, Dongfang Electric won the Gold Award of Global Best Blade, the Bronze Award of Best Onshore Generator with High Power, and the Bronze Award of Best Transmission Chain. The development of new energy storage equipment achieved a breakthrough, with the world’s first “CO₂ + Flying Wheel” energy storage demonstration project completed, and the world’s first non-supplemental combustion 60MW compressed air energy storage power station providing power turbine generator put into commercial operation; the hydrogen energy industry continued to make efforts, and a 270kW high-power fuel cell engine system was successfully developed.

(IV) Breakthrough Made in Digital Transformation

The Company was firmly committed to the direction of digital transformation and continued to promote digitalisation of management, product intelligence and manufacturing intelligence. The digital management capability was improved as a whole, the construction of a “control-based” treasury was successfully completed, and the systems for financial sharing, contract management and procurement management achieved all and sub-coverage, with cross-organisational and cross-business processes being fully connected. The level of product intelligence continued to improve, with intelligence as an empowering factor, creating intelligent hydropower, intelligent wind power and intelligent thermal power solutions, and developing new digital service products such as intelligent inspection and maintenance simulation systems for units, remote expert systems and three-dimensional digital manuals. The achievements of intelligent manufacturing continued to emerge, with the construction of six digital workshops completed throughout the year. Intelligent manufacturing maturity of Dongfang Turbine and Dongfang Electric Machinery has reached Level 3. Dongfang Turbine has built a leading domestic “black light production line” for turbine blades; Dongfang Research Institute’s “Clean Energy Equipment Manufacturing Industry Internet Platform” was selected as 2022 Pilot Project on the Integration of New Generation Information Technology and Manufacturing Industry by the Ministry of Industry and Information Technology, and Dongfang Electric Machinery’s “Large-scale Clean and Efficient Power Generation Equipment Smart Manufacturing Demonstration Plant” was selected as 2022 Smart Manufacturing Demonstration Plant by the Ministry of Industry and Information Technology. During the 2022 World Clean Energy Equipment Conference, a number of intelligent manufacturing scenes of the Company were displayed, and the transformation achievements were fully recognized.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

I. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

(V) Vertical Advancement of Deepening Reform

The Company insisted on deepening reforms, and the three-year action plan for state-owned enterprise reform came to a successful conclusion, with all reform tasks implemented on the ground, further improving governance, activating power, enhancing efficiency and strengthening capacity. New breakthroughs were continuously made in the reform work. The Company implemented Dongfang Electric Wind Power's employee shareholding to further stimulate the vitality of the enterprise's development; established a long-term mechanism for the withdrawal of inefficient and ineffective production capacity, effectively revitalized assets and production sites, and constantly deepened the three system reformation. We established a standardised and long-term mechanism for the "ability to move up and down", and increased market-based selection and exit efforts; improved the quantitative evaluation rules for differentiated salary allocation, and continued to optimise the labour productivity, personnel cost rate and labour cost profit margin of all staff. The efficiency and effectiveness of financial control were enhanced. The Company's financial forecasting model was built by integrating financial and business data to facilitate medium-and long-term forecasting; the Company also made solid efforts to improve quality and efficiency, and the turnover rate of the "two funds" continued to improve, resulting in significant cost reduction throughout the year.

(VI) Effective Risk Prevention and Control

The Company systematically promoted risk control, compliance and internal control management, and continued to enhance its risk prevention capability. We made strengthening audit supervision an important tool for risk prevention and control, innovated the organization of audit projects and effectively promoted the completion of corporate economic responsibility audits in a high-quality manner. The risk management system was further optimised and a "two verticals and one horizontal" risk control system was established, with the professional lines linked up and down, the enterprise as a whole working together, and the risk management horizontally linked up, and an annual key risk control plan was formulated and the new risks and control effects were dynamically evaluated to ensure that no systemic risks occurred throughout the year. We further strengthened our work on the governance of enterprises in accordance with the law, optimised the general counsel system and built a team of leading figures in the governance of enterprises in accordance with the law. The Board established a Risk and Compliance Management Committee to systematically strengthen the leadership of compliance work, and the tasks of the Compliance Enhancement Year were effectively implemented. An evaluation list on the effectiveness of corporate compliance management was formulated and supervision and inspection were carried out; the prevention of overseas compliance risks was strengthened, and the mechanism for legal compliance in respect of foreign operations was improved.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

I. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

(VII) Compliance and Efficiency of Operation of Listed Companies

The Company continued to improve the corporate governance mechanism, and all governance bodies performed their duties and responsibilities in strict accordance with the laws and regulations and the Articles of Association of the Company. The Board held 14 meetings during the year to earnestly review major issues such as financial budgets, major investments, senior management appointments and performance appraisals of the Company. The Company continued to improve the institutional system with the Articles of Association as its core, and amended more than 14 systems throughout the year, including the Articles of Association, the Rules of Procedure of the Governing Body and the Regulations on Investor Relations, further enhancing the standardisation of the Company's operations. The Company improved its information disclosure system and carried out information disclosure work in a high quality manner, completed 255 items of information disclosure for listed companies in Shanghai and Hong Kong, and was awarded A grade (the highest grade) in information disclosure by the SSE for eight consecutive years, and was successfully selected for the ESG Pioneer 50 Index of central enterprises. The Company has been awarded the "2022 Best Practice for Directors' Office of Listed Companies" for its efforts in communicating with investors in various ways, actively conveying the value of the Company and maintaining the stability of its market value.

II. INDUSTRY INFORMATION OF THE COMPANY DURING THE REPORTING PERIOD

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

The Company is one of the important high-end R&D and manufacturing groups of energy equipment and one of the mega enterprises for project contracting, the Company has product and service business covering nearly 80 countries and regions around the world, and has strong competitiveness and influence in the field of energy equipment.

Equipment manufacturing is the basic industry that provides technical equipment for the development of the national economy, and is also an important part of the real economy. In the new development stage, China's equipment manufacturing industry continues to expand, and its structure continues to optimize, with a number of major projects making breakthroughs. China's equipment manufacturing industry is marching to the middle and high end, and its role in supporting the economy and society becomes more prominent. In the future, we will accelerate the realization of technological self-reliance and self-improvement, enhance industrial capabilities and modernization levels, and further promote transformation and upgrading. Under the guidance of the "dual carbon" goal, the energy and power industry deeply promoted green and low-carbon transformation, continuously improved the supply structure, showing a clear trend of high-end, intelligent, and green development. The gradual large-scale integration of non-fossil fuels into new power systems places higher demands on energy equipment. The demand for energy conservation, carbon reduction, flexibility, and heating in coal-fired equipment has become more prominent. The demand for gas and electricity for peak-buffering has increased, and hydropower is developed in accordance with local conditions, and the demand for wide load, high head impact, and variable speed pumped storage is raised. Nuclear power is developed active and orderly, with new energy represented by wind and solar power becoming the main source of electricity growth, and the integrated development of wind, solar, and energy storage is accelerating.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

In 2022, the world is in turmoil. The global economy is slowing down and inflation is rising, but in the face of the complex and severe international environment, China's economy has resisted the pressure and achieved sustainable development. As an important enterprise in the field of energy equipment, the Company has overcome many unfavorable influences, anchored on the target of "dual carbon", insisted on innovation drive, adhered to green and low-carbon transformation and digital transformation, and made every effort to serve the construction of a new energy system.

III. THE COMPANY'S BUSINESS INFORMATION DURING THE REPORTING PERIOD

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

The main business model of the Company is to develop, design, manufacture and sell advanced wind power, solar power, hydropower, nuclear power, gas power and thermal power, and high-end equipment such as chemical containers, energy saving and environmental protection, power electronics and control, hydrogen energy and to provide engineering contracting and services to global energy operators.

The Company has a completed high-end energy equipment manufacturing and service system, and is capable of mass production of 1 million kilowatt-class hydropower units, 1.35 million kilowatt-class ultra-supercritical thermal power generating units, 1.75 million kilowatt-class nuclear power generating units, heavy-duty gas turbine equipment, direct-drive and double-fed full-series wind power units and high-efficiency solar power station equipment. Our thermal power products, such as 1 million kilowatt-class air-cooled units and large circulating fluidized bed boilers are industry-leading; our hydropower products are generally among the top in China, and our hydroelectric technologies, such as cross-flow and mixed-flow, have reached international leading level. Our 13MW class offshore wind turbine has reached leading level in China. The Company has the ability to manufacture core equipment in the petrochemical field such as chemical containers, drive turbines, shield pumps, long-haul pipeline compressors, etc., the system solution capability for waste gas and water treatment, solid waste disposal and resource utilization, the equipment and system technology capability for power electronics and industrial automation and intelligent manufacturing, and the energy storage design and integration capability. The Company has built a fuel cell product system with full independent intellectual property rights, and has also established an overall solution for the entire industry chain for hydrogen acquisition, hydrogen storage, hydrogen filling and hydrogen use.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

IV. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

As one of the important Research and Development (R&D) and manufacturer of high-end energy equipment and one of the mega enterprises for project contracting in the world, the Company boasts strong core competitiveness, in terms of the following aspects:

1. Outstanding ability of science and technology innovation

The Company insists on “innovation as first motivation”, continuously optimizes the science and technology innovation system, strengthens key technology research and vigorously promotes independent innovation. In 2022, the Company invested RMB3,105 million in R&D, accounting for 5.73% of operating revenue, and was granted 532 new valid patents (including 183 invention patents). As of the end of 2022, the Company had 3,336 valid patents (including 1,282 invention patents). The Company continues to promote collaborative and open innovation and has established four innovation alliances such as advanced power equipment with over 70 domestic enterprises. The advanced hydropower equipment innovation alliance and hydrogen energy innovation alliance have been approved as the first batch of provincial innovation alliances in Sichuan Province. The Company is well-equipped with a team of high-quality talents. Among the employees of the Company, 56.9% held a bachelor's degree or above, 12.8% held a master's degree or above, staff with senior professional titles account for 28.6% of the professional and technical personnel, scientific and technological talents account for 32.9%, which are 75 ranks higher than the industry. The Company has a total of 70 national-level experts, of which 49 experts of the Company were granted special government allowances by the State Council. One of them won the China Skills Award and 16 of them were recognized as national technical experts.

2. Diversified development of industry layout

With a completed product structure and multi-dimensional business development, the Company is able to meet the diversified and systematic needs of different users. The Company has established the industrial development pattern of “simultaneous development of six types of electricity” including wind power, solar power, hydropower, nuclear power, gas power and thermal power, as well as “six industries synergy” including high-end petrochemical equipment, energy conservation and environmental protection, engineering and international trade, modern manufacturing services, power electronics and control, and emerging industries. The Company has proprietary technologies in the R&D, design and manufacturing of the entire chain of energy equipment, as well as research and development capabilities in the field of high-end equipment such as petrochemical containers, petrochemical drive turbines, chemical shield pumps, industrial control system products, and hydrogen energy equipment for the entire industry chain. It has a comprehensive solution for “ultra clean emissions” energy supply from energy conversion and power generation to emissions back-end processing and comprehensive utilization, which provides “Internet+” power plant services such as efficiency improvement, remote diagnosis, smart power plants, as well as supporting logistics solutions, professional financial management and financial services.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

3. Advanced manufacturing and service capabilities

The Company is determined to promote the transformation of intelligent manufacturing. 13 digital workshops have been built, among which 4 workshops have reached A level. “Clean Energy Equipment Manufacturing Industry Internet Platform” was selected as 2022 Pilot Project on the Integration of New Generation Information Technology and Manufacturing Industry by the Ministry of Industry and Information Technology, “Large-scale Clean and Efficient Power Generation Equipment Smart Manufacturing Demonstration Plant” was selected as 2022 Smart Manufacturing Demonstration Plant by the Ministry of Industry and Information Technology, and “Quality Accurate Traceability” was selected as 2022 Intelligent Manufacturing Outstanding Scenes by the Ministry of Industry and Information Technology. Meanwhile, on the basis of actively promoting the digitization of its own management, the Company has been proactively building smart product solutions, and a number of projects such as smart hydropower, smart thermal power and smart wind power have been successfully implemented and promoted.

4. Strong market development ability

The Company insists on the market-oriented and customer-centered principle, and has established a two-tier marketing system that is promoted by the headquarters and the affiliated enterprises, continuously improved the regional responsibility and professional coordination mechanism, and strengthened the region-wide industry planning, strategic cooperation, industry layout, and resource development coordination, forming a coordinated promotion mode of integrated marketing of the whole industry by regional division, and providing better services to customers. The Company has introduced and cultivated a number of high-quality sales teams and increased the incentive for market development to give full play to the enthusiasm and initiative of the sales teams. The Company has continued to innovate its business model, and new business models such as multi-industry synergy and completed new energy facilities projects are being implemented in an orderly manner. The Company actively expanded the international market and established 53 overseas marketing agencies and outlets in 37 countries to achieve stable development of overseas business.

5. Deep culture and branding

After more than 60 years of development and accumulation, the Company has nurtured the enterprise spirit of “pragmatism, innovation, people and strength”, formed a culture of “Create Together” that is widely recognized by all employees. The Company is committed to the mission of “Green Power, Drive the Future” and the vision of “Rise to be a Global Electric Powerhouse”. Upholding the core value of “Creating value together and sharing success”, the Company mobilizes all employees to accelerate the development of a world-class enterprise. The Company actively fulfilled its social responsibilities as a state-owned enterprise, improved the brand management system, built the brand value system, optimized the brand communication system, continuously consolidated the brand image, promoted the coordinated development of the brand and culture, and created a first-class brand image with unified and distinct characteristics and user trust. The brand awareness and recognition have been continuously improved. Two trademarks, including the “DEC and Photo”, are well-known trademarks in China, registered and protected by local laws in 25 countries, including Germany, France and Russia.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

V. KEY OPERATION INDICATORS DURING THE REPORTING PERIOD

(I) Analysis of Principal Business

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

Unit: Yuan Currency: RMB

Item	Amount for the period	Amount for the same period last year	Change (%)
Operating income	54,179,060,388.71	46,755,975,362.02	15.88
Operating costs	45,244,939,114.25	38,669,905,112.14	17.00
Tax and surcharges	325,820,061.43	240,038,558.46	35.74
Sales expenses	1,483,431,162.60	1,457,513,664.15	1.78
Administrative expenses	3,116,971,392.44	2,789,577,618.34	11.74
R&D expenditure	2,274,631,356.87	2,109,687,440.50	7.82
Finance costs	-97,807,391.45	40,178,417.47	-343.43
Gains from changes in fair values (loss is indicated by "-")	-61,542,570.68	173,613,348.19	-135.45
Credit impairment loss (loss is indicated by "-")	277,444,685.94	-198,976,953.76	N/A
Gains from disposal of assets (loss is indicated by "-")	50,192,696.72	271,943,405.18	-81.54
Income tax expenses	314,616,641.19	237,824,064.64	32.29
Net cash flow from operating activities	8,410,116,418.30	-4,420,888,980.16	N/A
Net cash flows from investing activities	-13,186,238,590.76	-3,052,869,630.90	N/A
Net cash flows from financing activities	-117,013,011.47	-378,255,038.12	N/A

Reasons for change in operating revenue: The operating revenue for the year increased by 15.88% year on year, mainly due to the increase in the revenue of high-efficient clean energy and emerging growth business segment.

Reasons for change in operating costs: The operating costs for the year increased by 17.00% year on year, mainly due to the corresponding increase as a result of the increase in sales volume.

Reasons for change in tax and surcharges: The tax and surcharges for the year increased by 35.74% year on year, mainly due to the increase in the surcharges and stamp duty.

Reasons for change in sales expenses: The sales expenses for the year increased by 1.78% year on year, which remained basically steady as compared with the previous year.

Reasons for change in administrative expenses: The administrative expenses for the year increased by 11.74% year on year, mainly due to the year-on-year increase in employee remuneration and repair expenses for the year.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(I) Analysis of Principal Business (Continued)

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

Reasons for change in R&D expenditure: The R&D expenditure for the year increased by 7.82% year on year, mainly due to the increased investment in research and development for the year.

Reasons for change in finance costs: The finance costs for the year decreased by 343.43% year on year, mainly due to the year-on-year increase in net exchange gains for the year.

Reasons for changes in fair values: The changes in fair values for the year decreased by 135.45% year on year, mainly due to the floating loss of stocks and funds during the year.

Reasons for change in credit impairment losses: the provision for credit impairment losses for the year decreased by RMB476 million year on year, mainly due to the reversal of credit impairment provisions resulting from the better collection of receivables during the year.

Reasons for change in gains on disposal of assets: the gains on disposal of assets for the year decreased by 81.54% year on 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 during the year.

Reasons for change in income tax expenses: the income tax expenses for the year increased by 32.29% year on year, mainly due to the increase in deferred income tax expenses recognized during the year.

Reasons for change in net cash flows from operating activities: the cash flows from operating activities for the year increased by RMB12,831 million year on year, mainly due to the better collection during the year.

Reasons for change in net cash flows from investing activities: the cash flows from investing activities for the year decreased by RMB10,133 million year on year, mainly due to the year-on-year increase in net outflow of the interbank deposit certificates and other businesses of DEC Finance of Company during the year.

Reasons for change in net cash flows from financing activities: the cash flows from financing activities for the year increased by RMB261 million year on year, mainly due to the year-on-year increase in cash received by subsidiaries absorbing minority shareholders' investment during the year.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(I) Analysis of Principal Business (Continued)

2. Analysis of Revenue and Cost

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

Unit: Yuan Currency: RMB

Major operations by industry						
Industry	Operating revenue	Operating costs	Gross profit margin (%)	Year-on-year increase/decrease in operating revenue (%)	Year-on-year increase/decrease in operating costs margin (%)	Year-on-year increase/decrease in gross profit margin (%)
Power generation equipment manufacturing industry	55,353,140,128.96	45,349,223,027.80	18.07	15.76	16.93	Decreased by 0.83 percentage point
Major operations by product						
Product	Operating revenue	Operating costs	Gross profit margin (%)	Year-on-year increase/decrease in operating revenue (%)	Year-on-year increase/decrease in operating costs margin (%)	Year-on-year increase/decrease in gross profit margin (%)
Renewable energy equipment	14,913,928,738.85	12,965,119,410.99	13.07	-1.48	-0.04	Decreased by 1.25 percentage points
High-efficient clean energy equipment	14,684,569,729.76	11,579,674,801.05	21.14	14.84	15.69	Decreased by 0.59 percentage point
Engineering and trade	10,539,987,531.09	9,453,213,857.69	10.31	35.86	36.73	Decreased by 0.57 percentage point
Modern manufacturing services business	4,238,084,530.29	1,935,818,461.17	54.32	6.93	-8.72	Increased by 7.83 percentage points
Emerging growth business	10,976,569,598.97	9,415,396,496.90	14.22	34.31	39.11	Decreased by 2.96 percentage points

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(I) Analysis of Principal Business (Continued)

2. Analysis of Revenue and Cost (Continued)

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

Major operations by region						
Region	Operating revenue	Operating costs	Gross profit margin (%)	Year-on-year increase/decrease in operating revenue (%)	Year-on-year increase/decrease in operating costs (%)	Year-on-year increase/decrease in gross profit margin (%)
Domestic	50,422,083,708.00	41,487,947,059.57	17.72	14.81	15.83	Decreased by 0.73 percentage point
Overseas	4,931,056,420.96	3,861,275,968.23	21.69	26.43	30.25	Decreased by 2.30 percentage points

Major operations by sales model						
Sales model	Operating revenue	Operating costs	Gross profit margin (%)	Year-on-year increase/decrease in operating revenue (%)	Year-on-year increase/decrease in operating costs (%)	Year-on-year increase/decrease in gross profit margin (%)
Customized sales	55,353,140,128.96	45,349,223,027.80	18.07	15.76	16.93	Decreased by 0.83 percentage point

Description of major operations by industry, product, region and sales model

During the year, the total operating revenue of the Company increased by 15.76% as compared with last year. Revenue generated from other segments increased year-on-year except for the segment of renewable energy equipment.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(I) Analysis of Principal Business (Continued)

2. Analysis of Revenue and Cost (Continued)

(2) Capacity and sales analysis table

Major products	Unit	Capacity (MW)	Sales (MW)	Inventory (MW)	Capacity increase/ decrease from the previous year (%)	Sales increase/ decrease from the previous year (%)	Inventory increase/ decrease from the previous year (%)
Hydro-generating Unit	MW	4,290	2,730	2,855	-47.04	-77.17	120.46
Steam turbine generators	MW	27,416	27,298	15,598	9.54	9.34	0.76
Wind power units	MW	4,339.3	3,687.5	850.8	28.76	9.68	327.54
Power station steam turbines	MW	29,897.8	32,895	18,060.3	24.94	77.86	-13.77
Power station boilers	MW	22,514	22,514	0	2.26	2.26	/

Description of capacity and sales volume

1. In 2021, the Company undertook the research and development of large-scale hydroelectric turbine generators sets at Baihetan Power Station, which resulted in a higher production and sales base, causing a year-on-year decrease in production and sales of hydroelectric turbine generators in 2022;
2. The increase in wind turbine inventory is mainly due to the higher production volume in the fourth quarter of 2022, with some products not shipped before the end of the year.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(I) Analysis of Principal Business (Continued)

2. Analysis of Revenue and Cost (Continued)

(3) Cost analysis

By industry

Unit: 0'000 yuan Currency: RMB

Industry	Cost composition	Amount for the period	Percentage in total costs for the period (%)	Amount for the same period last year	Percentage in total costs for the same period last year (%)	Percentage change in the amount for the period as compared to the same period last year (%)	Remark
Power generation equipment manufacturing	Raw material costs (procurement cost)	3,788,370.80	83.54	3,091,681.67	79.72	22.53	
Power generation equipment manufacturing	Labour costs	155,703.29	3.43	156,680.28	4.04	-0.62	
Power generation equipment manufacturing	Other costs	590,848.20	13.03	629,856.78	16.24	-6.19	

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(I) Analysis of Principal Business (Continued)

2. Analysis of Revenue and Cost (Continued)

(3) Cost analysis (Continued)

By product

Unit: 0'000 yuan Currency: RMB

Industry	Cost composition	Amount for the period	Percentage in total costs for the period (%)	Amount for the same period last year	Percentage in total costs for the same period last year (%)	Percentage change in the amount for the period as compared to the same period last year (%)	Remark
Renewable energy equipment	Raw material costs (procurement cost)	1,107,880.79	24.43	1,053,404.41	27.16	5.17	
Renewable energy equipment	Labour costs	65,837.24	1.45	75,777.03	1.95	-13.12	
Renewable energy equipment	Other costs	122,793.92	2.71	167,864.96	4.33	-26.85	
High-efficient clean energy equipment	Raw material costs (procurement cost)	976,577.40	21.53	847,842.88	21.86	15.18	
High-efficient clean energy equipment	Labour costs	44,824.62	0.99	39,283.02	1.01	14.11	
High-efficient clean energy equipment	Other costs	136,565.46	3.01	113,769.29	2.93	20.04	
Engineering and trade	Raw material costs (procurement cost)	832,219.04	18.35	574,047.16	14.80	44.97	
Engineering and trade	Labour costs	4,809.28	0.11	4,084.24	0.11	17.75	
Engineering and trade	Other costs	108,293.06	2.39	113,243.96	2.92	-4.37	
Modern manufacturing services	Raw material costs (procurement cost)	52,019.61	1.15	75,774.38	1.95	-31.35	
Modern manufacturing services	Labour costs	11,304.15	0.25	7,788.96	0.20	45.13	
Modern manufacturing services	Other costs	130,258.09	2.87	128,522.71	3.31	1.35	
Emerging growth business	Raw material costs (procurement cost)	819,673.97	18.07	540,612.84	13.94	51.62	
Emerging growth business	Labour costs	28,928.01	0.64	29,747.03	0.77	-2.75	
Emerging growth business	Other costs	92,937.67	2.05	106,455.87	2.74	-12.70	

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(I) Analysis of Principal Business (Continued)

2. Analysis of Revenue and Cost (Continued)

(4) Major Customers in Sales and Major Suppliers

The Company's sales to its top five customers amounted to RMB6,628.5708 million, accounting for 11.98% of the total sales for the year, among which, sales to related parties was RMB0 million, accounting for 0% of the total sales for the year.

The Company's procurement from its top five suppliers amounted to RMB4,698.4162 million, accounting for 10.36% of the total procurement for the year, among which, the procurement from related parties was RMB986.0097 million, representing 2.17% of the total procurement for the year.

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

3. Expenses

Unit: Yuan Currency: RMB

Item	Amount for current year	Amount for previous year	Change (%)
Selling expenses	1,483,431,162.60	1,457,513,664.15	1.78
Administrative expenses	3,116,971,392.44	2,789,577,618.34	11.74
R&D expenditure	2,274,631,356.87	2,109,687,440.50	7.82
Finance costs	-97,807,391.45	40,178,417.47	-343.43
Income tax expenses	314,616,641.19	237,824,064.64	32.29

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(I) Analysis of Principal Business (Continued)

4. R&D Expenditure

Breakdowns of R&D Expenditure

Unit: Yuan Currency: RMB

	2022
Expensed R&D expenditure for the period	2,735,418,123.21
Capitalized R&D expenditure for the period	369,238,442.37
Total R&D expenditure	3,104,656,565.58
Percentage of total R&D expenditure over revenue (%)	5.73
Percentage of R&D expenditure capitalization (%)	11.89
Number of R&D personnel	4,361
Percentage of R&D personnel in the total number of employees (%)	24.97

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(I) Analysis of Principal Business (Continued)

5. Cash flows

Unit: Yuan Currency: RMB

Item	Amount for current year	Amount for previous year	Change (%)
Cash received from sale of goods and of rendering services	52,161,144,848.97	44,969,412,588.26	15.99
Net increase in borrowings from other financial institutions	2,358,615,348.35	-2,320,607,584.15	N/A
Tax refund received	603,451,364.44	375,110,655.17	60.87
Other cash received from operating activities	3,505,219,019.45	1,922,408,416.09	82.33
Cash paid for purchase of goods and receipt of services	39,413,672,651.47	37,632,141,803.46	4.73
Other cash payments relating to operating activities	3,315,335,398.61	2,724,642,221.90	21.68
Cash received from returns on investments	179,305,474.44	151,172,201.13	18.61
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	27,166,342.58	182,208,104.28	-85.09
Cash paid for investments	27,904,078,392.24	15,514,643,379.27	79.86
Cash from absorption of Investment	410,141,811.50	100,322,500.00	308.82
Cash received from borrowings obtained	544,161,866.03	1,146,850,000.00	-52.55

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(II) Analysis of Assets and Liabilities

1. The status of assets and liabilities

Unit: Yuan Currency: RMB

Item	Amount at the end of the period	Percentage of the amount at the end of the period in total assets (%)	Amount at the end of the previous period	Percentage of the amount at the end of the previous period in total assets (%)	Year-on-year change (%)	Explanation
Cash and cash equivalents	15,038,954,412.20	13.05	18,721,874,434.15	18.16	-19.67	See other instructions for details
Funds for lending	30,000,000.00	0.03	2,331,536,400.00	2.26	-98.71	See other instructions for details
Held-for-trading financial assets	1,031,815,888.77	0.90	1,466,444,004.12	1.42	-29.64	See other instructions for details
Notes receivable	1,259,829,103.22	1.09	2,994,627,532.41	2.90	-57.93	See other instructions for details
Prepayments	5,485,312,103.62	4.76	3,636,005,219.95	3.53	50.86	See other instructions for details
Financial assets purchased under resale agreements	1,390,000,000.00	1.21	2,827,514,000.00	2.74	-50.84	See other instructions for details
Contract assets	10,685,404,327.66	9.27	7,979,898,927.87	7.74	33.90	See other instructions for details
Non-current assets due within one year	931,706,413.91	0.81	57,404,867.28	0.06	1,523.04	See other instructions for details
Loans and advances	4,548,783,922.30	3.95	3,240,998,518.16	3.14	40.35	See other instructions for details
Debt investments	25,380,129,406.70	22.02	12,660,183,476.06	12.28	100.47	See other instructions for details
Long-term receivables	175,090,435.83	0.15	552,276,661.97	0.54	-68.30	See other instructions for details
Other investments in equity instruments	643,319,010.30	0.56	52,300,000.00	0.05	1,130.06	See other instructions for details
Short-term borrowings	103,235,027.02	0.09	41,830,000.00	0.04	146.80	See other instructions for details
Taxes payable	330,959,977.79	0.29	440,915,873.31	0.43	-24.94	See other instructions for details
Notes payable	10,026,704,197.84	8.70	6,254,798,141.80	6.07	60.30	See other instructions for details
Non-current liabilities due within one year	625,856,387.58	0.54	102,152,874.33	0.10	512.67	See other instructions for details
Other current liabilities	294,431,940.09	0.26	840,444,121.90	0.82	-64.97	See other instructions for details
Long-term borrowings	951,113,407.87	0.83	1,565,091,967.96	1.52	-39.23	See other instructions for details
Lease liabilities	184,843,215.08	0.16	126,932,623.70	0.12	45.62	See other instructions for details

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(II) Analysis of Assets and Liabilities (Continued)

1. The status of assets and liabilities (Continued)

Other instructions

- (1) Reasons for change in cash and cash equivalents: the cash and cash equivalents for the year decreased by 19.67% as compared with the beginning of the year, mainly due to the increase in the purchase of interbank deposit certificates by DEC Finance, and the decrease in cash and cash equivalents during the year.
- (2) Reasons for change in funds for lending: the funds for lending for the year decreased by 98.71% as compared with the beginning of the year, mainly due to the recovery of funds for lending during the period.
- (3) Reasons for change in held-for-trading financial assets: the held-for-trading financial assets for the year decreased by 29.64% as compared with the beginning of the year, mainly due to the redemption of funds during the year.
- (4) Reasons for change in accounts receivable: the accounts receivable for the year decreased by 57.93% as compared with the beginning of the year, mainly due to the recovery of accounts receivable upon maturity during the year.
- (5) Reasons for change in prepayments: the prepayments for the year increased by 50.86% as compared with the beginning of the year, mainly due to the increase in purchases made by the Company during the year.
- (6) Reasons for change in financial assets purchased under resale agreements: the financial assets purchased under resale agreements for the year decreased by 50.84% as compared with the beginning of the year, mainly due to the recovery of financial assets purchased under resale agreements upon maturity during the year.
- (7) Reasons for change in contract assets: the contract assets for the year increased by 33.90% as compared with the beginning of the year, mainly due to the expansion of sales scale and consequent growth in contract assets.
- (8) Reasons for change in non-current assets due within one year: the non-current assets due within one year for the year increased by 1,523.04% as compared with the beginning of the year, mainly due to the reclassification of long-term receivables during the year.
- (9) Reasons for change in loans and advances: the loans and advances for the year increased by 40.35% as compared with the beginning of the year, mainly due to the increase in loans provided by the DEC Finance of the Company.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(II) Analysis of Assets and Liabilities (Continued)

1. The status of assets and liabilities (Continued)

Other instructions (Continued)

- (10) Reasons for change in debt investment: the debt investment for the year increased by 100.47% as compared with the beginning of the year, mainly due to the increase in interbank certificates of deposit of DEC Finance of the Company.
- (11) Reasons for change in long-term receivables: the long-term receivables for the year decreased by 68.30% as compared with the beginning of the year, mainly due to the reclassification of non-current assets due within one year during the year.
- (12) Reasons for change in other investments in equity instruments: the other investments in equity instruments for the year increased by 1,130.06% as compared with the beginning of the year, mainly due to new investment of RMB540 million in China Southern Power Grid Energy Storage Co., Ltd..
- (13) Reasons for change in short-term borrowings: the short-term borrowings for the year increased by 146.80% as compared with the beginning of the year, mainly due to the new borrowings of subsidiaries for business needs.
- (14) Reasons for change in taxes payable: the taxes payable for the year decreased by 24.94% as compared with the beginning of the year, mainly due to the increase in payment of VAT and corporate income tax during the year.
- (15) Reasons for change in notes payable: the notes payable for the year increased by 60.30% as compared with the beginning of the year, mainly due to the increase in purchases made by the Company during the year.
- (16) Reasons for change in non-current liabilities due within one year: the non-current liabilities due within one year for the year increased by 512.67% as compared with the beginning of the year, mainly due to the reclassification of long-term borrowings due within one year.
- (17) Reasons for change in other current liabilities: the other current liabilities for the year decreased by 64.97% as compared with the beginning of the year, mainly due to the decrease in the endorsed but undue bills receivable that were not derecognized at the end of the year.
- (18) Reasons for change in long-term borrowings: the long-term borrowings for the year decreased by 39.23% as compared with the beginning of the year, mainly due to the reclassification of non-current liabilities due within one year.
- (19) Reasons for change in lease liabilities: the lease liabilities for the year increased by 45.62% as compared with the beginning of the year, mainly due to the newly signed lease contracts during the year.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(II) Analysis on assets and liabilities (Continued)

2. Offshore assets

Assets scale

Among them: offshore assets of 1,025,446,020.09 (Unit: Yuan Currency: RMB), accounting for 0.89% of the total assets.

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

Unit: Yuan Currency: RMB

Item	Balance	Reasons for restrictions
Cash and cash equivalents	2,922,699,243.58	Deposits in the central bank, capital reserves and guarantee deposits
Fixed assets	71,173,706.49	Mortgage borrowings
Intangible assets	525,422,087.47	Mortgage borrowings
Total	3,519,295,037.54	

4. The gearing ratio was 66.49% in 2022

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

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(III) Analysis of investment

1. Overall analysis on external equity investment

No.	Name of investee	Principal business	Investment amount (RMB'000)	Major shareholders
1.	China Southern Power Grid Energy Storage Co., Ltd. (南方電網儲能股份有限公司)	Hydroelectric power generation; power generation, transmission and supply (distribution); installation, maintenance and testing of power facilities for transmission, supply and receiving of electricity; installation, upgrading and maintenance of special equipment; electrical installation services; energy storage technology services; emerging energy technology research and development; general equipment repair; special equipment repair; electrical equipment repair; instrument and meter repair, etc..	54,000.00	China Southern Power Grid Co., Ltd. (中國南方電網有限責任公司), China Structural Reform Fund Corporation Limited (中國國有企業結構調整基金股份有限公司), Yunnan Power Grid Co., Ltd. (雲南電網有限責任公司), China State-owned Enterprises Mixed Ownership Reform Fund Co., Ltd. (中國國有企業混合所有制改革基金有限公司)
2.	DEC (Chengdu) Innovation Technology Development Co., Ltd.* (東方電氣(成都)創新科技發展有限公司)	Technology services, technology development, technology consultation, technology exchange, technology transfer, technology promotion; artificial intelligence industry application system integration services; Internet data services; information system integration services; data processing services; information technology consultation services; technology import and export; import and export agency; undertaking the head office engineering construction business; engineering management services; park management services; business management consulting; conference and exhibition services; information consulting services (excluding licensed information consulting services); social and economic consulting services.	15,000.00	Dongfang Electric Corporation Limited
3.	Dongfang Electric (Wuhan) Nuclear Equipment Co., Ltd. (東方電氣(武漢)核設備有限公司)	Design, manufacture and maintenance services of nuclear safety equipment and related equipment (no nuclear-related production operations without a permit); design, manufacture and maintenance services of metal pressure containers and related mechanical equipment (operating under a permit); electrical and mechanical equipment installation services; import and export of goods (except for the import and export of goods or technology prohibited by the state or involving administrative approval); technical services, technical advice, technology transfer and technology development in the field of machinery manufacturing; mechanical equipment leasing; real estate leasing.	11,430.00	Dongfang Electric Corporation Limited

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(III) Analysis of investment (Continued)

1. Overall analysis on external equity investment (Continued)

No.	Name of investee	Principal business	Investment amount (RMB'000)	Major shareholders
4	DEC Academy of Science and Technology Co., Ltd. (東方電氣集團科學技術研究院有限公司)	information security equipment; computer software and hardware, Internet of Things, new energy technology development, technology consultation, technology services, technology promotion, technology transfer; information system integration; engineering and technology research and experimental development; water pollution treatment; air pollution treatment; industrial design services; engineering management services; intellectual property rights services; business management consultation; sales: mechanical and electrical equipment, electronic appliances, computer software and hardware.	10,000.00	Dongfang Electric Corporation Limited
5	DEC (Chengdu) Hydrogen Fuel Cell Technology Co., Ltd (東方電氣(成都)氫燃料電池科技有限公司)	Battery manufacturing; battery sales; technical services, technology development, technology consulting, technology exchange, technology transfer, technology promotion; new car sales	5,419.00	Dongfang Electric Corporation Limited, Three Gorges Capital Holdings Co., Ltd. (三峽資本控股有限責任公司), Dongfang Electric (Chengdu) Hydrogen Energy Investment Fund Partnership (東方電氣(成都)氫能股份投資基金合夥企業), DEC Dongfang Boiler Group Co., Ltd. (東方電氣集團東方鍋爐股份有限公司)

(1) Significant equity investment

During the Reporting Period, the Company and its subsidiaries had no significant equity investment.

(2) Significant non-equity investment

During the Reporting Period, the Company and its subsidiaries had no significant non-equity investment.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(III) Analysis of investment (Continued)

1. Overall analysis on external equity investment (Continued)

(3) Financial assets at fair value measurement

Unit: Yuan Currency: RMB

Asset type	Amount at the beginning of period	Profit or loss from change in fair value for the period	Cumulative change of fair value recorded in equity for the period	Provision impairment for the period	Amount purchased for the period	Amount sold/ redeemed for the period	Other changes	Amount at the end of period
Trading financial assets	1,466,444,004.12	-58,816,869.44			249,170,713.46	624,981,959.37		1,031,815,888.77
Other investments in equity instruments	52,300,000.00		31,019,016.51		559,999,993.79			643,319,010.30
Derivative financial liabilities	0.00	-2,725,701.24						2,725,701.24
Total	1,518,744,004.12	-61,542,570.68	31,019,016.51	0.00	809,170,707.25	624,981,959.37	0.00	1,677,860,600.31

Securities Investment

Unit: 0'000 yuan Currency: RMB

Type	Stock Code	Stock short name	Initial investment cost	Funding source	Carrying amount at the beginning of the period	Profit or loss from change in fair value for the period	Cumulative change of fair value recorded in equity for the period	Amount purchased for the period	Amount sold for the period	Investment profit or loss for the period	Carrying amount at the end of the period	Classification in accounting
Stock	601179	China XD Electric Co., Ltd.	1,010.77	Self-owned	803.09	-136.02				4.63	667.07	Trading financial assets
Stock	000883	Hubei Energy Group Co., Ltd.	189.79	Self-owned	149.55	-29.68				4.28	119.87	Trading financial assets
Stock	600995	Southern Power Grid Energy Storage		Self-owned			3,101.90	54,000.00			57,101.90	Other equity instrument investments
Stock	601005	Chongqing Iron & Steel	64.93	Self-owned	63.12	-15.40					47.72	Trading financial assets
Stock	601328	Bank of Communications	2,302.62	Self-owned	7,884.55	222.34		0.66	0.66	607.89	8,106.89	Trading financial assets
Bonds			34,000.00	Self-owned	34,923.07	-436.33			10,000.00	820.23	24,486.74	Trading financial assets
Fund			120,276.32	Self-owned	102,813.89	-5,486.60		24,916.41	52,497.54	-970.86	69,746.16	Trading financial assets
Total	/	/	157,844.43		146,637.27	-5,881.69	3,101.90	78,917.07	62,498.20	466.17	160,276.35	/

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(III) Analysis of investment (Continued)

1. Overall analysis on external equity investment (Continued)

(3) Financial assets at fair value measurement (Continued)

Derivatives investment

Unit: Yuan Currency: RMB

Item	Amount of contracts held at the end of the year	Market value of contracts held at the end of the year	Actual profit or loss for the year	Floating profit and loss	Cumulative transaction amount for the year
Forward exchange settlement	579,540,545.00	576,814,843.76	-2,035,500.00	-2,725,701.24	33,605,000.00

(IV) Analysis of major controlling subsidiaries and investees

Currency: RMB

Subsidiary name	Closing balance (100 million yuan)					
	Current assets	Non-current assets	Total assets	Current Liabilities	Non-current liabilities	Total liabilities
Dongfang Electric Finance Co., Ltd.	169.82	301.00	470.83	433.92	0.12	434.04
DEC Dongfang Steam Turbine Co., Ltd.	220.63	59.02	279.65	188.83	14.42	203.25
DEC Dongfang Boiler Group Co., Ltd.	207.68	35.22	242.90	138.32	25.37	163.69
DEC Dongfang Electric Machinery Co., Ltd.	172.47	39.46	211.93	129.40	16.49	145.89
Dongfang Electric Wind Power Co., Ltd.	136.93	35.12	172.05	127.16	23.93	151.09
DEC International Cooperation Limited	66.74	6.68	73.42	44.81	6.94	51.75
Dongfang Electric (Guangzhou) Heavy Machine Co., Ltd.	31.68	7.96	39.64	20.43	2.55	22.98
Dongfang Electric Automatic Control Engineering Co., Ltd.	30.58	4.82	35.40	24.13	0.51	24.64

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

VI. DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT OF THE COMPANY

(I) Structure and trend of the industry

According to the 20th National Congress of the Communist Party of China, we shall actively and steadily promote carbon dioxide peaking and carbon neutrality, based on the energy resource conditions of China, insist on construction before destruction, and implement carbon dioxide peaking actions in a scheduled and step-by-step manner; we shall promote the clean, low-carbon and efficient use of energy to further advance the energy revolution, accelerate the planning and construction of a new energy system, and ensure energy security. In this context, China will work together to promote low-carbon energy transformation and supply security. New energy such as wind power and solar power will maintain rapid development, hydropower base construction will be actively promoted, nuclear power will be actively developed in a safe and orderly manner, the layout of pumped storage will be accelerated, the large-scale application of new energy storage will be accelerated, and coal power will be further developed as a supportive and regulating power source.

According to the National Energy Working Conference, we will adhere to the general principle of seeking progress with stability for the energy work in 2023 by fully implementing the new energy security strategy and further promoting the energy revolution to make efforts to ensure energy safety and to firmly promote the green development. We will make efforts to enhance the guarantee capacity of energy production and supply, give full play to the role of coal of ensuring the satisfaction of basic needs, and strengthen the foundation of electricity supply guarantee. The Company will strengthen the construction of wind power and solar power, coordinate the development of hydropower and ecological protection, actively develop nuclear power in a safe and orderly manner, and strengthen the construction of energy projects for people's livelihood through adjusting and optimizing the energy structure; and deepen reform in key areas, strengthen energy supervision, and enhance international energy cooperation through accelerating scientific and technological self-reliance and self-improvement.

According to the forecast of the China Electricity Council, in 2023, it is expected that the annual electricity consumption of the whole society will increase by around 6%, with the overall supply and demand of electricity in the country being tightly balanced, and the power demand and supply in the PRC will achieve an overall balance, where power demand and supply may run tight in certain regions during the peak period. Driven by the rapid development of new energy generation, it is expected that the total installed capacity of new power generation and the installed scale of non-fossil energy generating power will reach a new high in 2023. It is expected that the installed capacity of new power generation in the PRC will reach 250 million kilowatts in 2023, representing a further increase of 50 million kilowatts over 2022, including 180 million kilowatts of new non-fossil power generation capacity, representing a further increase of 20 million kilowatts over 2022. The installed power generation capacity in the PRC is expected to be around 2.81 billion kilowatts by the end of 2023, representing an increase of approximately 9.8% year on year, with a total of 1.48 billion kilowatts of non-fossil energy, including 420 million kilowatts of hydropower, 430 million kilowatts of grid-connected wind power, 490 million kilowatts of grid-connected solar power, 58.46 million kilowatts of nuclear power and 45 million kilowatts of biomass power. The installed capacity of solar power and wind power will exceed that of hydropower for the first time in 2023.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

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

From the perspective of industry development, the newly installed capacity of renewable energy has become the main source of China's new electricity installations, and the scale of installations is steadily expanding. Wind power and solar power are still in a period of rapid development, with the scale of installations having exceeded 100 million kilowatts for three consecutive years, the development trend will continue in the future, and the wind power and solar power industries will generate more market space. As new energy is connected to the power system on a large scale, the safety and system regulation attributes of traditional energy in the power system are becoming more and more prominent, and the safe development of economic and social development and the construction of moderately advanced infrastructure are giving rise to new development opportunities for traditional energy. The demand for coal power is expected to increase, and the in-depth implementation of the "Synergistic Renovation in Three Aspects" will further promote the development of coal power; the speeding up of nuclear power approval in 2022 will effectively drive the industrial market; the demand for pumped storage continues to release, and the construction is obviously accelerating, with greater development potential; gas power is also expected to maintain greater demand. At the same time, new energy storage and hydrogen energy will continue to be promoted, energy saving and environmental protection will continue to deepen in the industrial sector, and equipment for the chemical industry will still have a wider market demand.

(II) Development Strategy of the Company

The year 2023 is the opening year for the full implementation of the spirit of the 20th National Congress of the Communist Party of China. The Company will adhere to the general keynote of seeking progress in a stable manner, make comprehensive efforts in production and operation, reform and development, emphasize innovation, improve quality and efficiency, and promote transformation, and earnestly capitalize on the implementation of key tasks including technological innovation, market exploitation, efficiency and quality improvement, a new round of comprehensive deepening reform, development of emerging industries, talent building, risk prevention and control, and continue to promote green, low-carbon and digital transformation, fully achieve our production and operation targets for 2023, and vigorously promote the high-quality development of the Company.

(III) Business Plan

In 2023, the Company will adhere to the principle of stability and seek progress in the midst of stability, and make every effort to achieve new progress in various areas of work, so as to maintain steady growth in operating revenue and a continuous increase in total profit, and expect to complete the production of power generation equipment of 47.72 million kilowatts, focusing on the following tasks.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(III) Business Plan (Continued)

1. Focusing on special actions to improve quality and increase efficiency

With the objective of continuously improving the return on net assets and operating cash ratio, the Company will improve the business strategies and continuously enhance the efficiency of input and output and the “gold content” of the business. We have to make every effort to reduce costs and ensure that the cost rate of the same calibre is further reduced in 2023. We will also continue to strengthen cost control and promote cost management across the value chain, target cost management and internal market-based management methods through “formulating policies based on actual circumstances of the enterprise”, so as to achieve “comprehensive control and continuous optimization” of costs.

2. Focusing on technological assertive projects

Focusing on the comprehensive technology level of the leading products to catch up with the world-class, the Company will deploy a number of major science and technology projects, position to take the lead in the industry and promote breakthroughs in fields such as floating offshore wind power, variable speed pumped storage, series of autonomous combustion engines, nuclear power high temperature reactors, as well as advanced hydrogen energy and energy storage. We will strengthen the foresight of technological innovation and actively carry out cutting-edge technology research by focusing on the development strategy of the Company and facing the global trend of energy equipment technology development. We will strengthen the construction of innovation platforms, enhance the construction of Dongfang Electric (Fujian) Innovation Research Institute (東方電氣(福建)創新研究院), and continue to improve the technological innovation capability of the Company. We will improve the system mechanism of scientific and technological innovation, continue to promote the collaboration of innovative subjects, the transformation of original achievements and the optimization of innovative ecology, so as to inject fresh vitality and strong momentum into scientific and technological innovation.

3. Focusing on the new round of comprehensive deepening reform

We are committed to implementing a new round of state-owned enterprise reform special actions, focus on building world-class enterprises, continue to improve the modern corporate governance system with Chinese characteristics, deepen the construction of a market-oriented business mechanism, solve the underlying problems of high-quality development, and strive to become a model enterprise in central enterprise governance. We will optimize the organization structure around development, improve the regional organization operation and management mechanism construction, and provide strong organizational guarantee for the high-quality development of the industry. We will carry out in-depth management effectiveness improvement, fill in shortcomings and strengthen weaknesses, and continue to seek benefits from management. We will make greater efforts to carry out the disposal of the inefficient and inefficacious assets and the governance of loss-making enterprises, co-ordinate the formulation and steady implementation of disposal plans, and continue to promote the layout optimization and structural adjustment of the Company's state-owned economy.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(III) Business Plan (Continued)

4. Striving to enhance contract compliance

Strengthening contract compliance control over major projects to ensure projects are completed on schedule. The Company will continue to enhance the contract performance and delivery capabilities, actively and steadily upgrade the core production capacity, and formulate scientific and effective capacity enhancement plans. We will make use of product quality improvement to deepen the quality improvement of contract performance, take the reduction of external quality loss as a key driver to push forward the systematic attack on external quality loss, promote the overall improvement of contract performance through lean management, continuously improve the lean management system, and consolidate the foundation of on-site lean management by means of “module-based project improvement” to promote significant improvements in the quality, cost, delivery and other indicators of a number of core products or key production units.

5. Striving to achieve new breakthroughs in market development

The Company will grasp the market opportunities in energy security and supply, further improve the institutional mechanism for marketing that is coordinated and efficient, strengthen the marketing system with integrated planning and graded responsibility between the headquarters and the subsidiaries, improve the regional account manager system and strengthen the construction of regional organizations. We will strengthen the market development efforts, enhance business model innovation and expand application scenarios to lay a solid foundation for the Company's transformation and development. We will insist on promoting international operations, increase international development efforts, actively explore new international markets, improve international distribution and further strengthen the overseas marketing capabilities.

6. Focusing on the development of emerging industries

The Company should further optimize the environment for the development of the industry, improve the institutional mechanism for development, optimize the allocation of talents, capital and other development resources according to development needs, and create new momentum for the development of emerging industries. We should make every effort to develop the integrated energy services industry, build up the capacity of integrated energy system design and engineering services, coordinate the domestic and international markets, accelerate the preparation of a batch of demonstration plans, make breakthroughs in a batch of demonstration scenes and promote a batch of project experiences. We will accelerate the development of the power electronics industry, focus on improving the technical capabilities, accelerate the cultivation of the industry, and continue to promote the development of core technologies and knock-out products and the construction of important testing facilities.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(III) Business Plan (Continued)

7. Striving to enhance the competitiveness of talents

The Company will launch the “Nest Building Project” and plan a platform for attracting high-level talents to the Company, and launch the “Talent Attracting Project” to attract high-level talents and intellectual resources from home and abroad through various channels and means. The “Empowerment Project” will be launched to improve the cultivation of talents and to build up a team of management talents with good management skills, technical talents with leading innovation and skilled talents with excellent technical skills. The “Double Excellence Project” will be launched to ensure that the labour productivity of all employees will continue to rise.

8. Striving to establish a firm bottom line for risk prevention and control

The Company will establish and improve a sound mechanism for controlling major operational risks, carry out closed-loop management of risk identification, assessment, early warning and response, organize key risk identification and assessment on a regular basis, strengthen dynamic management and monitoring of irregularities, and take timely response measures to effectively prevent and resolve major operational risks. We should insist on operating in compliance with the law, improve the compliance management system, strengthen the ability to operate in compliance with the law in our overseas businesses, improve the compliance risk identification, assessment and early warning mechanism, and strengthen the prevention and control of compliance risks in main fields. We will further strengthen audit supervision, solidly carry out major special audits, fully reveal problems and risks, and promote management improvement; further strengthen audit supervision “in the course of events”, actively build an audit online supervision platform, identify and avoid risks in a timely manner, and effectively reduce the occurrence of problems at source; further strengthen the rectification of audit problems, establish and improve the audit rectification system and mechanism, standardize and improve system requirements, and comprehensively raise the awareness of audit rectification, standardise audit rectification procedures and consolidate the results of audit supervision.

9. Striving to improve the governance of listed companies

In accordance with the work requirements for improving the quality of listed companies, the Company will improve the modern enterprise system with Chinese characteristics, improve the governance mechanism of state-controlled listed companies, solidly promote the construction and standardized operation of Board, and promote the coordinated operation of various governance bodies. We will carry out information disclosure work in compliance with the law and regulations, further improve the information disclosure mechanism, optimize the content of disclosure and enhance the quality of information disclosure in accordance with the needs of investors. We will establish and improve a multi-channel and multi-level investor communication mechanism, enhance investor communication through regular performance briefings, investor visits and telephone and network interactions, respond to investor requests in a timely manner and strengthen the daily maintenance of important investors. Further improving the environmental, social and governance (ESG) mechanism, compiling and publishing ESG reports in accordance with the regulations, and promoting continuous improvement in the professional governance capabilities of the Company.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(IV) Possible Risks

1. Risk of international operation. The world is currently undergoing turbulence and change, the geopolitical situation remains complex and volatile, the conflict between Russia and Ukraine continues, the game between major powers and regional conflicts have brought greater uncertainty to the global economic operation, and major economies have fallen into a low economic growth rate, which has led to a number of challenges to the Company's international operation and the international influence of the brand needs to be enhanced due to various factors. To address this risk, the Company will continue to strengthen the co-ordination of international markets, strengthen the overseas marketing capabilities and market development management, make every effort to secure quality projects and collaboratively promote the "Six Electricity and Six Industries" products and services to "go global", as well as conduct risk assessment and risk prevention and control on a regular basis and monitor the implementation of risk control measures dynamically.
2. Accounts receivable risk. Due to the macroeconomic impact, domestic consumption and investment are gradually recovering, coupled with the increase in raw materials, logistics and labour costs, some projects have been suspended or deferred and there are certain difficulties in recovering the remaining amounts. For suspended and deferred projects, the Company will maintain timely communication with customers to understand the actual capital and financing situation of the projects, adopt multi-dimensional cooperation measures to tide over the difficulties and actively strive for the commencement of the projects; for cancelled projects, we will adopt various ways to clear the backlog of inventory and, if necessary, take legal measures to protect legal rights.
3. Price risk. The current price competition in the market for some products is intensifying, which will affect the profitability of enterprises, especially when the revenue of projects in traditional industries decreases. To address this risk, the Company will establish and improve the tender cost measurement mechanism, continue to strengthen the cost process control, and promote cost management across the value chain, target cost management and internal market-based management methods through "formulating policies based on actual circumstances of the enterprise", so as to achieve "comprehensive control and continuous optimization" of costs.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

VII. OTHER EVENTS

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

(I) Directors and Supervisors

Please refer to Section IX headed “Directors, Supervisors, Senior Management and Employees” for list of members regarding the Board of Directors, the Supervisory Committee in 2022.

(II) Changes in information of the Directors

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

Mr. Liu Zhiqian has been appointed as the chief accountant of Dongfang Electric Corporation in March 2022.

Mr. Zhang Jilie ceased to be the general counsel of Dongfang Electric Corporation in April 2022.

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

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

VII. OTHER EVENTS (CONTINUED)

(III) Share Incentive Scheme

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

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

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

(IV) Permitted Indemnity Provisions

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

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

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

(VI) Key Relationships with Persons with Significant Impact

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

(VII) Corporate Social Responsibility

For details, please refer to the Social Responsibility Report of Dongfang Electric Corporation Limited for 2022 (《東方電氣股份有限公司2022社會責任報告》) in the Company’s overseas regulatory announcement which is published on the website of the Stock Exchange.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

VII. OTHER EVENTS (CONTINUED)

(VIII) Distributable Reserves

For details of distributable reserves of the Company, please refer to Note 51 “Undistributed Profit” to the financial statements.

(IX) Major Acquisition or Disposal

On 28 December 2022, the Board approved and agreed that Dongfang Electric Corporation (“DEC”) shall convert RMB232.9827 million out of the state funds of RMB610 million in aggregate which it is proposed to contribute to DEC Dongfang Boiler Group Co., Ltd. (“Dongfang Boiler”), DEC Dongfang Steam Turbine Co., Ltd. (“Dongfang Steam Turbine”) and DEC Academy of Science and Technology Co., Ltd. (“DEC Academy”) to be additional registered capital of the Target Companies, and the remaining shall be recognized in the capital reserve of Dongfang Boiler, Dongfang Steam Turbine and DEC Academy contributed by DEC (subject to financial treatment). Upon completion of the Capital Increase through Conversion of State Funds, the controlling interests held by the Company in Dongfang Boiler, Dongfang Steam Turbine and DEC Academy will be diluted, the Company shall still maintain its actual control over Dongfang Boiler, Dongfang Steam Turbine and DEC Academy. Dongfang Boiler, Dongfang Steam Turbine and DEC Academy will remain as subsidiaries of the Company and will be accounted for as subsidiaries in the financial statements of the Group. For details, please refer to the relevant announcement of the Company dated 28 December 2022.

As at the date of this report, the Company has not entered into the capital increase agreement with DEC in respect of the Proposed Capital Increase through Conversion of State Funds. The Company will make an announcement as required under the Listing Rules in due course.

Save as disclosed above, there were no major acquisition and disposal of subsidiaries and associates during the Reporting Period.

(X) Compliance with Laws and Regulations

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

(XI) Donations

For the year ended 31 December 2022, the Group made charitable and donations of approximately RMB21.6353 million.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

VII. OTHER EVENTS (CONTINUED)

(XII) Events Subsequent to the Reporting Period

On 28 December 2022, the Board and the Supervisory Committee of the Company have considered and approved the Resolution on the Repurchase and Cancellation of Certain Restricted Shares. Pursuant to the Incentive Scheme and the requirements of relevant laws and regulations, three Participants under the First Grant are no longer qualified as Participants due to the enterprise restructuring and termination of labor contract with the enterprise, three Participants are no longer qualified as the Participants due to the organizational arrangement of being transferred from the Company, three Participants are no longer qualified as Participants due to the violation of relevant laws and regulations, and four Participants do not meet the conditions for the second unlocking period under the First Grant of the Incentive Scheme due to the failure to achieve the target of the individual performance appraisal. The Board has considered and decided to repurchase and cancel all the Restricted Shares totalling 274,000 Restricted A Shares that have been granted to the aforesaid 13 Participants yet still locked up. The repurchase price is RMB5.315 per share.

The repurchase and cancellation of all the restricted shares that had been granted to the aforesaid 13 participants and yet still locked, totalling 274,000 A shares, was approved at the 2023 first extraordinary general meeting, the 2023 first A shares class meeting and the 2023 first H shares class meeting of the Company held on 24 February 2023 and such shares were cancelled on 13 March 2023.

REPORT OF THE SUPERVISORY COMMITTEE

Dear Shareholders,

During the Reporting Period, in accordance with the relevant regulations and provisions of the Company Law, the Articles of Association and the Rules of Procedure of Supervisory Committee, the Supervisory Committee supervised major matters such as the construction and implementation of internal control of the Company and the performance of duties by Directors and senior management, and exercised its authority independently in accordance with the laws and regulations, to effectively safeguard the interests of the Company and all shareholders, and to promote the standardized operation of the Company. The relevant work is hereby reported as follows:

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

During the Reporting Period, a total of 8 meetings of the Supervisory Committee were convened by the Company. Upholding the principle of being responsible to all shareholders of the Company, the Supervisory Committee supervised and inspected the legal compliance of the Company's operations, financial affairs and investments of the Company and maintained the legitimate interests of the Company and its shareholders in accordance with the requirements of Company Law, the Securities Law and the Articles of Association and Rules of Procedure of the Supervisory Committee.

Details of the meetings are set out as follows:

1. The 5th meeting of the tenth session of the Supervisory Committee was held in Chengdu on 26 January 2022 with attendance by all 3 supervisors. The meeting considered and approved the resolution on the Change of the Accounting Estimation to the Company's Hydrogen Energy Business.
2. The 6th meeting of the tenth session of the Supervisory Committee was held in Chengdu on 28 April 2022 with attendance by all 3 supervisors. The following resolutions were considered and approved at the meeting:
 - (1) considered and approved the resolution on the Company's 2021 audited financial report;
 - (2) considered and approved the resolution on the Company's 2021 profit distribution plan;
 - (3) considered and approved the resolution on the Company's 2021 annual report;
 - (4) considered and approved the resolution on 2021 appraisal report of internal control and the audit report on internal control of the Company; and
 - (5) considered and approved 2021 work report of the supervisory committee of the Company.

REPORT OF THE SUPERVISORY COMMITTEE (CONTINUED)

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

Details of the meetings are set out as follows: (Continued)

3. The 7th meeting of the tenth session of the Supervisory Committee was held in Chengdu on 29 April 2022 with attendance by all 3 supervisors. The following resolutions were considered and approved at the meeting:
 - (1) considered and approved the resolution on the Company's financial report (unaudited) for the first quarter of 2022;
 - (2) considered and approved the resolution on the Company's 2022 first quarterly report;
 - (3) considered and approved the resolution on the performance assessment results of the Company's senior executives in 2021;
 - (4) considered and approved the resolution on the performance appraisal targets of the Company's senior executives in 2022; and
 - (5) considered and approved the resolution on the repurchase and cancellation of restricted A shares of certain participants.
4. The 8th meeting of the tenth session of the Supervisory Committee was held in Chengdu on 27 May 2022 with attendance by all 3 supervisors. The meeting considered and approved the resolution on the nomination of Hu Weidong as a candidate for Supervisors of the Company.
5. The 9th meeting of the tenth session of the Supervisory Committee was held in Chengdu on 1 July 2022 with attendance by all 3 supervisors. The meeting considered and approved the resolution on the election of the Chairman of the tenth session of the Supervisory Committee of the Company.
6. The 10th meeting of the tenth session of the Supervisory Committee was held in Chengdu on 30 August 2022 with attendance by all 3 supervisors. The following resolutions were considered and approved at the meeting:
 - (1) considered and approved the resolution on the Company's 2022 (unaudited) interim financial report; and
 - (2) considered and approved the resolution on the Company's 2022 interim report.

REPORT OF THE SUPERVISORY COMMITTEE (CONTINUED)

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

Details of the meetings are set out as follows: (Continued)

7. The 11th meeting of the tenth session of the Supervisory Committee was held in Chengdu on 28 October 2022 with attendance by all 3 supervisors. The following resolutions were considered and approved at the meeting:
 - (1) considered and approved the resolution on the Company's financial report (unaudited) for the third quarter of 2022;
 - (2) considered and approved the resolution on the Company's 2022 third quarterly report; and
 - (3) considered and approved the resolution on the fulfilment of the conditions for the first unlocking period under the reserved grant under the restricted A share incentive scheme for 2019.
8. The 12th meeting of the tenth session of the Supervisory Committee was held in Chengdu on 28 December 2022 with attendance by all 3 supervisors. The following resolutions were considered and approved at the meeting:
 - (1) considered and approved the resolution on the repurchase and cancellation of certain the restricted shares;
 - (2) considered and approved the resolution on the fulfilment of the conditions for the second unlocking period under the restricted A share incentive scheme for 2019; and
 - (3) considered and approved the resolution on the capital increase of the subsidiary by state funds and related party transactions.

REPORT OF THE SUPERVISORY COMMITTEE (CONTINUED)

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

1. The Supervisory Committee's Independent Opinion on Legal Compliance of the Company's operations

In 2022, members of the Supervisory Committee of the Company attended 1 general meeting and attended 5 on-site Board meetings, the Chairman of the Supervisory Committee attended the presidential conference of the Company and supervised the legal compliance of the Company's operations. The Supervisory Committee considered that the procedures for convening and holding the general meetings and the Board meetings were in compliance with relevant laws, regulations and the relevant provisions of the Articles of Association; the Directors and senior management was capable of strictly implementing the resolutions of the general meeting and the Board meetings and the Supervisory Committee did not notice any violations of national laws and regulations, the Articles of Association and other conducts that undermined the interests of the Company and its shareholders; the preparation procedures of the Company's 2022 annual report conformed to the relevant provisions of laws, regulations and regulatory documents, the information of the reports gave true and complete picture of its actual situation, and did not contain any false statements, misleading representations or material omissions.

2. The Supervisory Committee's Independent Opinions on the Inspection of the Company's Financial Position

During the Reporting Period, the Supervisory Committee listened to the financial reporting of the Company on a regular basis and carefully considered the Company's financial reports, and considered that the preparation and approval procedures of the Company's 2022 financial report conformed to the relevant regulations, the standard and unqualified auditor's report issued by Da Hua Certified Public Accountants LLP objectively and truly reflected the Company's financial position and operating results.

3. The Supervisory Committee's Independent Opinions on the Company's Related Party Transactions

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

REPORT OF THE SUPERVISORY COMMITTEE (CONTINUED)

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

4. The Supervisory Committee's Independent Opinions on the Internal Control Assessment Report and Internal Control Audit Report for 2022

The Supervisory Committee carefully considered the Company's the Internal Control Assessment Report and Internal Control Audit Report for 2022, and was of the opinion of that the Company had established a relatively sound internal control system which can meet the current management requirements and development needs of the Company and can be effectively executed, and the Internal Control Assessment Report and Internal Control Audit Report of the Company for 2022 truly and objectively reflected the development and operation of the internal control system of the Company.

5. The Supervisory Committee's Independent Opinions on 2022 Annual Profit Distribution Plan

The Supervisory Committee carefully considered the 2022 profit distribution plan of the Company and the explanation of relevant opinions on the dividend distribution, and was of the opinion of that the profit distribution plan for 2022 was in compliance with the relevant laws and regulations, as well as the Articles of Association of the Company; the decision-making procedure thereof was in according with relevant regulations and in the interests of the Shareholders as a whole and met the production and operation needs of the Company.

6. The Supervisory Committee's Independent Opinions on Relevant Matters of the Restricted Share Incentive Scheme

During the Reporting Period, the Supervisory Committee reviewed the satisfaction of the unlocking conditions of the reserved shares and the incentive participants list of 2019 Restricted A Share Incentive Scheme of the Company, and considered that the Company has fulfilled the necessary internal decision-making procedures, complied with the relevant provisions of the Administrative Measures for Share Incentives of Listed Companies and the 2019 Restricted A Share Incentive Scheme (Revised Draft) of the Company, and there was no prejudice to the interests of the Company and all Shareholders.

REPORT OF THE SUPERVISORY COMMITTEE (CONTINUED)

III. WORK GUIDELINE OF THE SUPERVISORY COMMITTEE IN 2023

In 2023, the Supervisory Committee of the Company will continue to perform its supervisory duties diligently and conscientiously in strict compliance with the relevant provisions and requirements of the Company Law, the Securities Law and the Articles of Association, so as to effectively safeguard the interests of the Company and all Shareholders and promote the sustainable and healthy development of the Company. Firstly, conscientiously study the Company Law, master the scope and methods of work of the Supervisory Committee, and fully perform the duties and functions. Secondly, regularly organize meetings of the Supervisory Committee, attend meetings of the Supervisory Committee, attend shareholders' general meetings, and strengthen the work communication with the Board of Directors and the management. Thirdly, strengthen the investigation and research on major issues such as the Company's production and operation, financial management, related party transactions, construction of internal control system, give full play to the supervisory role of the Supervisory Committee on major issues, financial management and the performance of duties by Directors and other senior managers of the Company, and promote the high-quality development of the Company.

The Supervisory Committee of Dongfang Electric Corporation Limited
31 March 2023

CORPORATE GOVERNANCE

I. EXPLANATION ON MATTERS REGARDING CORPORATE GOVERNANCE

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

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

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

1. In relation to shareholders and general meetings

The Company is able to treat all shareholders equally with due respect and protect their interests. In particular, non-controlling shareholders are entitled to their status and fully exercise their rights with their legal interests being protected. The Company ensures that shareholders are entitled to their right of access to information and right to participate in decision-making in respect of material events of the Company as required by laws and administrative rules and regulations. By strictly following the relevant requirements for convening and holding general meetings set out in the Articles of Association and the Rules for Procedure of the General Meeting, related persons are arranged to abstain from voting on connected transactions, so as to ensure that connected transactions are open, equal and fair. During the Reporting Period, the Company held one general meeting which was witnessed by lawyers with their legal opinions issued in such respect.

2. In relation to Directors and the Board of Directors

As at the date of this annual report, the tenth session of Board of Directors of the Company consists of 8 Directors, of which 3 are independent non-executive Directors. The Board has the following committees including the Strategic Development Committee, the Audit and Review Committee, the Remuneration and Assessment Committee, the Nomination Committee and the Risk and Compliance Management Committee.

CORPORATE GOVERNANCE (CONTINUED)

I. EXPLANATION ON MATTERS REGARDING CORPORATE GOVERNANCE (CONTINUED)

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

All the Directors are familiar with relevant laws and regulations as well as their responsibilities, rights and obligations, and are able to fully express opinions on the matters discussed. All Directors are able to perform their duties in an honest, faithful and diligent manner and in the interests of the Company and all shareholders as a whole. The Company convened the Board meetings in strict accordance with statutory procedures. During the Reporting Period, a total of 14 Board meetings were convened.

3. In relation to Supervisors and the Supervisory Committee

The tenth session of Supervisory Committee of the Company comprises 3 Supervisors, of which 2 are shareholders representative Supervisors and 1 is staff representative Supervisor. Upholding the principle of being responsible to all shareholders of the Company, the Supervisory Committee supervised and inspected the legal compliance of the Company's operations, financial affairs and investments of the Company and maintained the legitimate interests of the Company and all its shareholders in accordance with the Company Law, the Securities Law as well as the requirements of the Articles of Association and Rules of Procedure of the Supervisory Committee. During the Reporting Period, the Supervisory Committee held a total of 8 meetings.

4. In relation to stakeholders

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

II. SPECIFIC MEASURES TAKEN BY THE CONTROLLING SHAREHOLDER AND THE DE FACTO CONTROLLER OF THE COMPANY TO ENSURE THE INDEPENDENCE OF THE COMPANY'S ASSETS, PERSONNEL, FINANCE, ORGANIZATION AND BUSINESS, AND SOLUTIONS, WORK PROGRESS AND FOLLOW-UP WORK PLANS ADOPTED WHEN THE INDEPENDENCE OF THE COMPANY IS AFFECTED

The controlling shareholder of the Company acts in a standardized manner, and exercises contributors' rights through the general meeting and does not interfere directly or indirectly with the decision-making and operation activities of the Company beyond the general meeting. The Board of Directors, the Supervisory Committee and the management of the Company are able to operate independently, and the Company has independent and complete business and independent operation capability.

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

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

IV. DISCLOSURE OF SELF-ASSESSMENT REPORT ON INTERNAL CONTROL

For details, please refer to the overseas regulatory announcement on the 2022 Assessment Report on Internal Control of the Company disclosed on the website of the Stock Exchange.

V. EXPLANATION OF AUDIT REPORT ON INTERNAL CONTROL

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

CORPORATE GOVERNANCE (CONTINUED)

VI. CORPORATE GOVERNANCE REPORT

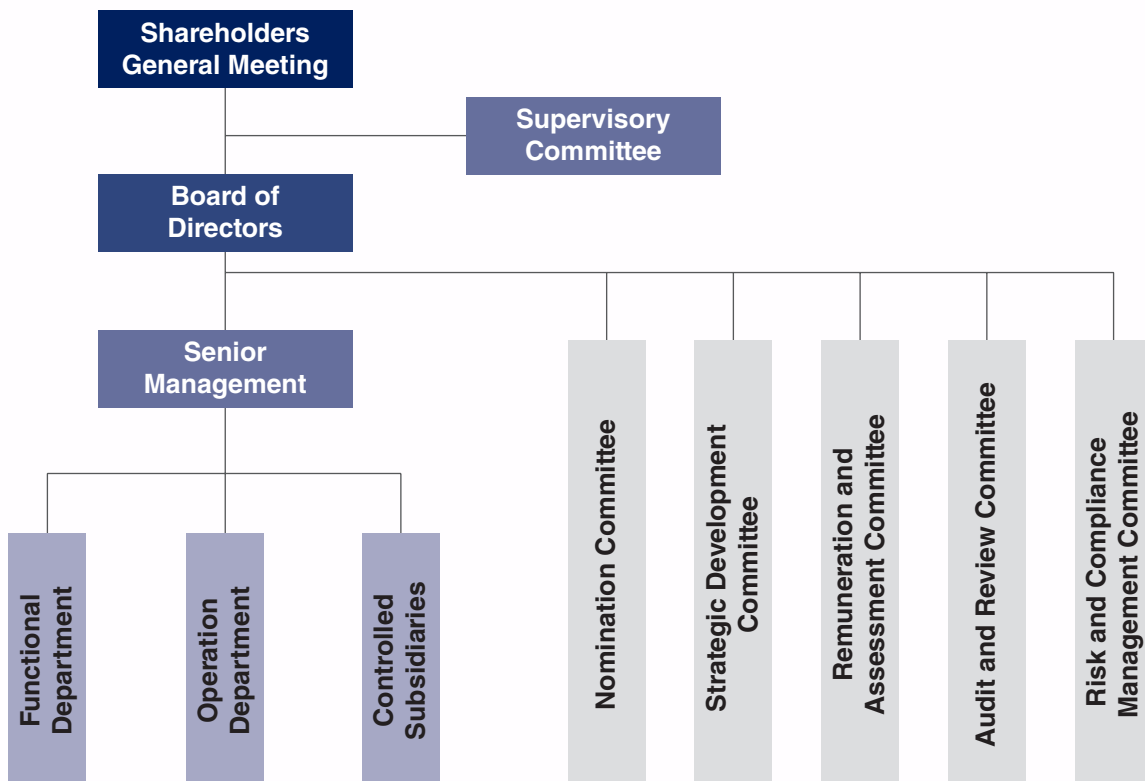
Corporate governance practices

The Company has been committed to the standardized operation of the Company and enhanced the transparency of the Company through strict implementation of corporate governance, so as to bring greater returns to the shareholders. The Board firmly believes that maintaining a good corporate governance mechanism and adopting an internationally advanced corporate governance model is one of the conditions for the Company to safeguard the interests of the shareholders, enhance corporate value, formulate business strategies and policies, and make the Company an internationally competitive enterprise.

The Company has adopted all the applicable code provisions in the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Hong Kong Listing Rules. The Directors are of the view that, during the Reporting Period, the Company has complied with all the applicable code provisions as set out in the CG Code.

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

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



CORPORATE GOVERNANCE (CONTINUED)

VI. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

1. General Meeting

As the highest authority of the Company, the general meeting performs its functions and power in determining the material events of the Company under the laws. The AGM or EGM provides a direct communication channel for the Board and the shareholders. Hence, the Company regards highly of the shareholders' general meetings. Notice of meetings will be delivered before convening. All Directors and members of senior management are requested to attend as far as possible. The Company encourages all shareholders to attend the shareholders' meeting and welcomes shareholders to express their opinions in the meeting. The details of the shareholders' general meeting of the Company in 2022 are as follows:

Session of Meeting	Date	Resolutions	Voting results	Designated website for publication of resolutions	Publication date of resolutions
2021 AGM	29 June 2022	The following resolutions were considered at the meeting by way of ordinary resolution:		www.sse.com.cn www.hkexnews.hk	30 June 2022
		1. To consider and approve the resolution on the 2021 work report of the Board of the Company	Approved		
		2. To consider and approve the resolution on the 2021 work report of the Supervisory Committee of the Company	Approved		
		3. To consider and approve the resolution on the 2021 profit distribution plan of the Company	Approved		
		4. To consider and approve the 2021 audited financial statements of the Company and the resolution on the 2022 financial budget and investment plan	Approved		
		5. To consider and approve the resolution on the appointment of the auditor of the Company for 2022	Approved		
		6. To consider and approve the resolution on the amendments to the Work Rules for Independent Directors	Approved		
		7. To elect Hu Weidong as the member of the tenth session of the Supervisory Committee of the Company	Approved		
		12. To consider the resolution on the election of Directors	Approved		

CORPORATE GOVERNANCE (CONTINUED)

VI. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

I. General Meeting (Continued)

Session of Meeting	Date	Resolutions	Voting results	Designated website for publication of resolutions	Publication date of resolutions
		The following resolutions were considered at the meeting by way of special resolution:			
		8. To consider and approve the resolution on the Repurchase and Cancellation of Certain Restricted Shares	Approved		
		9. To consider and approve the resolution on the amendments to the Articles of Association of the Company	Approved		
		10. To consider and approve the resolution on the amendments to the Rules of Procedure of The Board	Approved		
		11. To consider and approve the resolution on the amendments to the Rules of Procedure of General Meeting	Approved		
The 2022 first A shares class meeting	29 June 2022	The following resolution was considered at the meeting by way of special resolution:		www.sse.com.cn www.hkexnews.hk	30 June 2022
		1. To consider the resolution on the Repurchase and Cancellation of Certain Restricted Shares	Approved		
The 2022 first H shares class meeting	29 June 2022	The following resolution was considered at the meeting by way of special resolution:		www.sse.com.cn www.hkexnews.hk	30 June 2022
		1. To consider the resolution on the Repurchase and Cancellation of Certain Restricted Shares	Approved		

CORPORATE GOVERNANCE (CONTINUED)

VI. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

2. Board of Directors

(1) *Division of Responsibilities*

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

(2) *Composition*

As at the date of this annual report, the tenth session of Board is composed of 8 Directors, of which 3 are independent non-executive Directors, representing one third of all members of the Board. The three independent non-executive Directors of the Company are Mr. Liu Dengqing, Mr. Huang Feng and Mr. Ma Yongqiang; and the remaining Directors of the Company are Mr. Yu Peigen, Mr. Song Zhiyuan, Mr. Liu Zhiquan, Mr. Zhang Jilie and Mr. Zhang Yanjun; the Chairman of the Company is Mr. Yu Peigen. This session of Board is the tenth session of the Board since the establishment of the Company, the terms of whom are expected to expire on 28 June 2024.

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

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

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

CORPORATE GOVERNANCE (CONTINUED)

VI. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

2. Board of Directors (Continued)

(2) Composition (Continued)

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

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

Designation	Executive Directors (4)	Non-executive Director (1)	Independent non-executive Directors (3)
Gender	Male (8)	Female (0)	
Ethnicity	Han (8)		
Age	45-50 (1)	51-55 (3)	56-60 (3) 61 or above (1)
Directorship with the Company (Years)	under 3 years (7)	4-6 years (1)	10-12 years (0)
Skills, knowledge and profession	Legal consultant (1), Accountant (2), Appraiser (1), Engineer (2) and Business administration management (2)		
Education background	Doctor (4), Master (2) and Bachelor (2)		

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

(3) Policy concerning diversity of Board members

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

CORPORATE GOVERNANCE (CONTINUED)

VI. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

2. Board of Directors (Continued)

(3) *Policy concerning diversity of Board members (Continued)*

For the purpose of implementation of the Board Diversity Policy, the Company has adopted the following measurable objectives:

- at least one of the members of the Board shall be female;
- at least one third of the members of the Board shall be independent non-executive Directors; and
- at least one of the members of the Board shall have obtained accounting or other professional qualifications.

In accordance with the Board Diversity Policy, the Company aims to appoint at least one female Director. The Board is committed to increasing diversity on the Board and will achieve the objectives by 31 December 2024.

The Company values gender diversity at all levels of the Group. As at the date of this annual report, the Board of Directors of the Group consists of 8 males (100% males; 0% females). The Group has a total of 8 senior management, with 8 being male (representing 100%) and 0 being female (representing 0%).

Further details of the Group's gender ratio and related data, please refer to the Environmental, Social and Governance Report of the Company.

CORPORATE GOVERNANCE (CONTINUED)

VI. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

2. Board of Directors (Continued)

(4) *Corporate governance functions*

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

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

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

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

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

(5) *Directors*

The election of Directors

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

Directors' responsibilities and duties

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

CORPORATE GOVERNANCE (CONTINUED)

VI. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

2. Board of Directors (Continued)

(5) Directors (Continued)

Directors' responsibilities and duties (Continued)

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

Securities transactions by Directors and Supervisors

The Company has adopted a code of conduct regarding securities transactions by Directors and Supervisors of the Company as set out in the Model Code. Having made specific enquiry to all Directors and Supervisors of the Company, the Company confirms that, as of 31 December 2022, all Directors and Supervisors of the Company had complied with the provisions regarding the securities transactions by Directors and Supervisors as set out in the Model Code.

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

Director's service contract

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

CORPORATE GOVERNANCE (CONTINUED)

VI. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

2. Board of Directors (Continued)

(6) Meeting of the Board of Directors

During the Reporting Period, 14 Board meetings were convened by the Company. Matters considered at the Board meetings include, among others:

- Financial results announcement;
- Appointment of senior management of the Company;
- Matters concerning the adjustment of the structure of internal organizations of the Company;
- Matters concerning the repurchase and cancellation of certain restricted shares;
- Corporate governance related systems; and
- Matters concerning equity investment.

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

Name	Independent Director or not	Required attendance during the year	Attendance in person	Attendance at the Board meetings			Absence in person for twice consecutively	Attendance at general meetings
				Attendance by communication equipment	Attendance by proxy	Absence		
Yu Peigen	No	14	5	9	0	0	No	1
Xu Peng	No	14	5	9	0	0	No	0
Liu Zhiqian	No	9	2	7	0	0	No	0
Zhang Jilie	No	9	2	7	0	0	No	0
Zhang Yanjun	No	14	4	9	1	0	No	0
Liu Dengqing	Yes	14	5	9	0	0	No	0
Huang Feng	Yes	14	5	9	0	0	No	0
Ma Yongqiang	Yes	14	3	9	2	0	No	1

Note: Xu Peng resigned as the Director and president of the Company in February 2023

Number of Board meetings convened during the year	14
Among which: number of meetings convened on-site	5
Number of meetings convened by communication equipment	9
Number of meetings convened by a combination of the above two means	0

CORPORATE GOVERNANCE (CONTINUED)

VI. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

2. Board of Directors (Continued)

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

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

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

3. Special committees of the Board

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

(1) Audit and Review Committee

The main duties of the Audit and Review Committee are:

- ① to supervise and assess the work of the external audit institutions, and propose to appoint or change external audit institutions;
- ② to guide the internal audit work and supervise the internal audit system of the Company and its implementation;
- ③ to review the financial information of the Company and its disclosure, and review the interim and annual financial statements before submitting to the Board;
- ④ to coordinate the communication between the management, internal audit department and relevant departments and external audit institutions;
- ⑤ to examine the internal control system of the Company and assess its effectiveness;
- ⑥ to examine the major connected transactions of the Company;
- ⑦ to review the letter from the external auditor to the management and the feedback of the management;
- ⑧ other matters authorised by the Board of the Company and other matters mentioned in the relevant laws, regulations, and regulatory documents.

CORPORATE GOVERNANCE (CONTINUED)

VI. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

3. Special committees of the Board (Continued)

(1) Audit and Review Committee (Continued)

The members of audit and review committee under the tenth session of the Board of the Company comprise of independent non-executive Directors of the Company, including Mr. Ma Yongqiang (chairman), Mr. Huang Feng and Mr. Liu Dengqing.

In 2022, the Audit and Review Committee held a total of 5 meetings, at which the Resolution on the Overall Budget for 2022, the Resolution on the Financial Final Account Report for 2021, the Resolution on the First Quarterly Financial Report (Unaudited) for 2022, the Resolution on the Half Year Financial Report (Unaudited) for 2022, the Resolution on the Third Quarterly Financial Report (Unaudited) for 2022, etc. were considered and approved.

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

Name	Position	Required attendance in 2022	Actual Attendance
Ma Yongqiang	Chairman of the committee	5	5
Liu Dengqing	Member of the committee	5	5
Huang Feng	Member of the committee	5	5

CORPORATE GOVERNANCE (CONTINUED)

VI. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

3. Special committees of the Board (Continued)

(2) Strategic Development Committee

The main duties of the Strategic Development Committee are:

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

The members of the Strategic Development Committee of the tenth session of the Board are Mr. Yu Peigen (chairman), Mr. Xu Peng (Mr. Xu Peng resigned as a member of the Strategic Development Committee in February 2023), Mr. Zhang Jilie (elected as a member of the Strategic Development Committee in June 2022), Mr. Zhang Yanjun, all being the Directors, and Mr. Huang Feng, independent non-executive Director.

In 2022, the Strategic Development Committee held a total of 4 meetings, at which the Resolution of DEC Innovation Technology to Invest in the Construction of DEC Innovation and Oversea Business Centre, the Resolution on Capital Increase by the Company to DEC Innovation Technology for the Construction of the DEC Innovation and Oversea Business Centre, the Resolution on the Participation of Dongfang Electric in the Private Placement of Southern Power Grid Energy Storage, the Resolution on Matters Relating to the Participation of the Company in the Asset Reorganization Project of Chuanneng Energy, the Capital Increase through Conversion of State Funds, etc. were considered and approved.

CORPORATE GOVERNANCE (CONTINUED)

VI. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

3. Special committees of the Board (Continued)

(2) Strategic Development Committee (Continued)

Members of the Strategic Development Committee and attendance at its meetings

Name	Position	Required attendance in 2022	Actual Attendance
Yu Peigen	Chairman of the committee	4	4
Xu Peng	Member of the committee	4	4
Zhang Jilie	Member of the committee	3	3
Zhang Yanjun	Member of the committee	4	4
Huang Feng	Member of the committee	4	4

Note: Xu Peng resigned as the Director, president and member of strategic Development Committee of the Company in February 2023.

CORPORATE GOVERNANCE (CONTINUED)

VI. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

3. Special committees of the Board (Continued)

(3) *Remuneration and Assessment Committee*

The main duties of the Remuneration and Assessment Committee are:

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

CORPORATE GOVERNANCE (CONTINUED)

VI. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

3. Special committees of the Board (Continued)

(3) Remuneration and Assessment Committee (Continued)

The members of the Remuneration and Assessment Committee under the tenth session of the Board of Directors of the Company comprises of independent non-executive Directors Mr. Huang Feng (Chairman), Mr. Liu Dengqing and Mr. Ma Yongqiang.

During the year of 2022, the Remuneration and Assessment Committee convened 4 meetings to mainly consider the Resolution on the Performance Assessment Results of the Company's Senior Executives in 2021, the Resolution on the Performance Appraisal Targets of the Company's Senior Executives in 2022, the Resolution on the Appraisal and Fulfillment of Remuneration in 2021 and Basic Annual Salary in 2022 of the Company's Senior Executives and the Resolution on the Fulfillment of Conditions for Unlocking of the First Tranche of the First Grant under the Restricted A Share Incentive Scheme for 2019, etc.

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

Name	Position	Required attendance in 2022	Actual Attendance
Huang Feng	Chairman of the committee	4	4
Liu Dengqing	Member of the committee	4	4
Ma Yongqiang	Member of the committee	4	4

VI. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

3. Special committees of the Board (Continued)

(4) *Risk and Compliance Management Committee*

The main duties of the Risk and Compliance Management Committee are:

- ① to submit the annual report on overall risk management to the Board of Directors;
- ② to consider the risk management strategies and the solutions for major risk management;
- ③ to consider the judgment criteria or the judgment mechanism related to major decision makings, major risks, major events and important business procedures, as well as the risk assessment report of major decisions;
- ④ to consider the comprehensive report on the supervision, assessment and audit of risk management submitted by the internal audit department;
- ⑤ to consider the establishment of the risk management organizations and their proposed responsibilities;
- ⑥ to consider the basic system of compliance management, system construction plan and annual report;
- ⑦ to consider major compliance management matters;
- ⑧ to consider the establishment and responsibilities of the compliance management department;
- ⑨ to handle other matters as authorised by the Board.

CORPORATE GOVERNANCE (CONTINUED)

VI. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

3. Special committees of the Board (Continued)

(4) Risk and Compliance Management Committee (Continued)

The members of the Risk and Compliance Management Committee under the tenth session of the Board of Directors comprises of the Chairman of the Board Mr. Yu Peigen (Chairman), Director Mr. Liu Zhiqian (elected as a member of the Risk and Compliance Management Committee in June 2022), independent non-executive Directors Mr. Huang Feng, Mr. Liu Dengqing and Mr. Ma Yongqiang.

During the year of 2022, the Risk and Compliance Management Committee convened 1 meeting to consider and approve the Resolution on the Report on the Assessment of Internal Control and the Audit Report on the Internal Control of the Company for 2021, agreed to submit the same to the Board of Directors for consideration and heard the report on the particulars of the Internal Control of the Company for 2021.

Members of the Risk and Compliance Management Committee and attendance at its meeting

Name	Position	Required attendance in 2022	Actual Attendance
Yu Peigen	Chairman of the committee	1	1
Liu Zhiqian	Member of the committee	0	0
Liu Dengqing	Member of the committee	1	1
Huang Feng	Member of the committee	1	1
Ma Yongqiang	Member of the committee	1	1

Note: On 12 January 2023, the Board considered and approved the adjustment of the Risk Management Committee of the Board to the Risk and Compliance Management Committee.

CORPORATE GOVERNANCE (CONTINUED)

VI. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

3. Special committees of the Board (Continued)

(5) *Nomination Committee*

The main duties of the Nomination Committee are:

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

CORPORATE GOVERNANCE (CONTINUED)

VI. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

3. Special committees of the Board (Continued)

(5) *Nomination Committee (Continued)*

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

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

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

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

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

CORPORATE GOVERNANCE (CONTINUED)

VI. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

3. Special committees of the Board (Continued)

(5) Nomination Committee (Continued)

The members of the Nomination Committee under the tenth session of the Board of Directors comprises of independent non-executive Directors Mr. Liu Dengqing (Chairman), Mr. Huang Feng and Mr. Ma Yongqiang.

During the year of 2022, the nomination committee convened 3 meetings to consider and approve the Resolution on the Appointment of Chief Accountant, the Resolution on the Controlling Shareholder's Nomination of Liu Zhiqian as a Candidate for Director, the Resolution on the Controlling Shareholder's Nomination of Zhang Jilie as a Candidate for Director, the Resolution on the Nomination of Senior Vice President of the Company, etc.

Members of the Nomination Committee and attendance at its meeting

Name	Position	Required attendance in 2022	Actual Attendance
Liu Dengqing	Chairman of the committee	3	3
Huang Feng	Member of the committee	3	3
Ma Yongqiang	Member of the committee	3	3

CORPORATE GOVERNANCE (CONTINUED)

VI. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

4. Duties of the Management Team

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

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

CORPORATE GOVERNANCE (CONTINUED)

VI. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

5. Secretary to the Board and Company Secretary

The Company has a secretary to the Board who shall be appointed by the Board and acts as a senior management member of the Company with following duties:

- (1) to be responsible for releasing the Company's information to the external, coordinating the Company's information disclosure, organising the formulation of Information Disclosure Management System of the Company, and urging the Company and relevant information disclosure obligors to comply with the regulations on information disclosure;
- (2) to be responsible for managing investor relations, and coordinating the information communication among the Company, securities regulatory authorities, investors, securities service institutions and media;
- (3) to organise the preparation of the Board meetings and general meetings, attend the general meetings, the Board meetings and the meetings of the Supervisory Committee and senior management, and be responsible for record work of the Board meetings and sign;
- (4) to be responsible for confidentiality work of information disclosure, timely report and disclose to the stock exchange in the event of divulgence of undisclosed significant information;
- (5) to keep close eyes on media reports and actively seek to prove their truthness, and to urge the Board to timely respond to the stock exchange's enquiry;
- (6) to organise trainings on laws and administrative regulations for the Company's directors, supervisors and senior management members and assist them in understanding their respective duties in information disclosure;
- (7) to inform the Company's directors, supervisors and senior management members should they in violation of laws, administrative regulations and other regulatory documents, regulations on stock exchange and articles of association, or to remind relevant persons and timely report to the CSRC and the stock exchange in the event of any or potential decision against the relevant regulations by the Company;
- (8) to be responsible for the Company's equity interest management and keep information on the shareholding of the Company's directors, supervisors, senior management members and controlling shareholder and its directors, supervisors, and senior management members, and to be responsible for disclosing changes in the shareholdings of the Company's directors, supervisors, senior management members;
- (9) other duties as prescribed by the Company Law, CSRC and the stock exchange.

CORPORATE GOVERNANCE (CONTINUED)

VI. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

5. Secretary to the Board and Company Secretary (Continued)

During the Reporting Period, Mr. Gong Dan is the Secretary to the Board and a company secretary of the Company. During the Reporting Period, Mr. Gong Dan has confirmed that he has received relevant professional trainings for not less than 15 hours. Mr. Gong Dan ceased to be the secretary to the Board of the Company and also ceased to hold other positions (including company secretary) in the Company with effect from 13 March 2023 as he reached the statutory retirement age. The Board has agreed on 13 March 2023 to appoint Mr. Feng Yong as the Secretary to the Board of Directors of the Company with effect from that date. Upon the retirement and demission of Mr. Gong as the company secretary, the office of company secretary of the Company will become vacant and the requirement under Rule 3.28 of the Listing Rules will not be met. In view of this, the Company is in the process of identifying suitable candidates to fill the vacancy of company secretary position as soon as practicable to ensure its compliance with the requirements of Rule 3.28 of the Listing Rules. A further announcement will be made by the Company in due course.

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

During the Reporting Period, the Company provides trainings for all the Directors (including Mr. Yu Peigen, Mr. Xu Peng (Mr. Xu Peng resigned as the Director in February 2023), Mr. Liu Zhiqian, Mr. Zhang Jilie, Mr. Zhang Yanjun, Mr. Huang Feng, Mr. Ma Yongqiang), Supervisors (including Mr. Feng Yong, Mr. Wang Zhiwen and Mr. Hu Weidong) and senior management by providing comprehensive compliance information for listed companies in a timely manner. Training materials were prepared and distributed for their information on update of their knowledge and skills, to ensure that their continuous contribution to the Board was under the comprehensive and relevant circumstance.

7. Information Disclosure and Investor Relation

Secretary to the Board and representative of securities affairs are responsible for information disclosure and investor relation management. As for information disclosure, in order to enable the investors to understand the Company's operation conditions, the Company made meticulous organization and careful arrangement to strengthen coordination of information disclosure work, analyze and identify keys and difficulties and make effective communication with regulatory authorities. Accordingly, the Company finished the disclosure work as required. In 2022, the Company has made information disclosure for approximately 255 times in mainland China and Hong Kong, covering regular reports and temporary announcements.

In investor relation management, the Company organized investors to discuss key issues, analyzed trend of capital market and operation status of the Company and timely kept up with investors' opinions on DEC, so as to make a targeted communication with investors and enhance communication quality. The Company further regulated processes of reception arrangements and made such processes standardized and professional. The Company has revised the Regulations on Investor Relations, which aim to strengthen effective communication between the Company and investors, promote the Company's improved governance and standardized operation, improve the quality of the Company and effectively protect the legitimate rights and interests of investors, especially small and medium-sized investors. The Board has reviewed the implementation and effectiveness of the Regulations and the results are satisfactory. The Company's communication methods with investors mainly include shareholders' general meetings, results briefing conferences, road shows, reception of investor's visits, SSE e-interaction, teleconference, the Company's website and email box, facsimile and hotline, etc., to enable shareholders to express opinions or exercise rights.

CORPORATE GOVERNANCE (CONTINUED)

VI. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

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

All Directors have acknowledged their responsibilities for preparing the accounts of the Group for the year ended 31 December 2022.

Da Hua Certified Public Accounts LLP, the auditor of the Company, has acknowledged its reporting responsibilities in the Auditor's Report of the financial statements prepared under the PRC accounting standards for the year ended 31 December 2022.

9. Material changes in the constitutional documents of the Company

During the Reporting Period, in accordance with the requirements of relevant laws and regulations and combined with the actual situation of the Company, the Company amended Articles of Association at the 2021 Annual General Meeting, the 2022 First A Shares Class Meeting and the 2022 First H Shares Class Meeting held on 29 June 2022.

Details of the amendments are set out in the circular dated 9 June 2022 and the announcement of the poll results of the 2021 Annual General Meeting held on 29 June 2022.

10. Internal control

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

The Board is responsible for implementing the risk management and internal control systems of the Company and its subsidiaries and reviewing the effectiveness of such systems. The Board assesses and reviews the effectiveness of the risk management and internal control systems and procedures based on the information derived from discussions with the senior management, internal audit team and external auditor and the reports from the internal audit team. Our internal audit team regularly reviews the effectiveness of our Company's material internal controls, including financial, operational and compliance controls and risk management functions according to the audit plans and reports to the Board with its findings and makes recommendations to improve the internal controls of our Company. The audit and review committee has reviewed the comments of external auditors provided at the audit and review committee meetings. Da Hua Certified Public Accountants was engaged by the Company to review the effectiveness of internal control on the financial report as of 31 December 2022, and issued the audit report on internal control with unqualified opinion.

CORPORATE GOVERNANCE (CONTINUED)

VI. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

10. Internal control (Continued)

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

For the year ended 31 December 2022, based on the assessment made by the audit and review committee, the senior management and the internal audit team, the Board reviewed the risk management and internal control systems of the Company and its subsidiaries.

Building and implementation of internal control systems during the Reporting Period

During the Reporting Period, the Company strictly implemented the Basic Standards for Internal Control of Companies, the Guidelines on Application of Enterprise Internal Control and the relevant provisions of the CSRC on the internal control of listed companies. In accordance with the work manual of the internal control system of the Company and with the objectives of “strengthening internal control, preventing risks and promoting compliance”, the Company continued to improve the internal control system led by the construction of the internal control system and the supervision system, and newly established and revised a total of 47 rules and regulations. In 2022, the Company carried out internal control activities in strict accordance with the rules and regulations, actively carried out risk identification, assessment and response, and effectively prevented and resolved various risks through the combination of regular inspections and special inspections and management, which promoted the Company’s law-based governance and standardized operation.

CORPORATE GOVERNANCE (CONTINUED)

VI. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

10. Internal control (Continued)

Management of and control over subsidiaries during the Reporting Period

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

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

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

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

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

CORPORATE GOVERNANCE (CONTINUED)

VI. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

11. Dividend Policy

(1) *Dividend Policy*

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

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

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

Profit Distribution Scheme for 2021: Audited by Da Hua Certified Public Accountants LLP, the net profit attributable to shareholders of the parent company is RMB2,289,036,817.45 in 2021; the parent company has procured a net profit of RMB1,141,407,059.53. The Company proposed to distribute a cash dividend of RMB2.3 (tax inclusive) per 10 shares on the basis of 3,118,807,797 shares as at the publication date of the annual report, totaling payment of a cash dividend of RMB717,325,793.31. The Company did not convert any capital reserve into share capital nor make any bonus issue.

Profit Distribution Scheme for 2022: Audited by Da Hua Certified Public Accountants LLP, the net profit attributable to shareholders of the parent company is RMB2,854,650,575.05 in 2022; the parent company has procured a net profit of RMB1,145,716,562.34. The Company proposed to distribute a cash dividend of RMB3.35 (tax inclusive) per 10 shares on the basis of 3,118,533,797 shares as at the publication date of the annual report, totaling payment of a cash dividend of RMB1,044,708,822.00. The Company did not convert any capital reserve into share capital nor make any bonus issue. The scheme still needs to be submitted to the 2022 annual general meeting for consideration and approval.

CORPORATE GOVERNANCE (CONTINUED)

VI. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

11. Dividend Policy (Continued)

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

The dividend payment proposal shall be approved by the shareholders at the annual general meeting (the "AGM") of shareholders. If approved, the final dividend is expected to be paid to the shareholders listed on the register of members around 28 July 2023. Dividends payable to H shareholders of the Company will be paid in Hong Kong dollars. The amount payable in Hong Kong dollars will be calculated on the basis of the average value of the central parity rate between RMB and Hong Kong dollar published by the People's Bank of China in a week preceding the announcement of the payment of final dividend (if approved) at the AGM.

Unit: Yuan Currency: RMB

Year of distribution	Number of bonus shares for every 10 shares (share(s))	Dividend for every 10 shares (Tax inclusive) (Yuan)	Number of scrip shares for every 10 shares (share(s))	Total amount of cash dividend (Tax inclusive)	Net profits attributable to shareholders of the Company in the consolidated financial statements for the year	Percentage of dividend to the net profits attributable to shareholders of the Company in the consolidated financial statements (%)
2022	0	3.35	0	1,044,708,822.00	2,854,650,575.05	36.60
2021	0	2.30	0	717,370,259.90	2,289,036,817.45	31.34
2020	0	1.80	0	561,532,703.40	1,861,998,155.29	30.16

CORPORATE GOVERNANCE (CONTINUED)

VI. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

11. Dividend Policy (Continued)

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

Withholding and Payment of Income Tax

Enterprise Income Tax Withholding of Overseas Non-Resident Enterprises

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

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

VI. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

11. Dividend Policy (Continued)

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

Withholding and Payment of Income Tax (Continued)

Individual Income Tax Withholding of Overseas Individual Shareholders

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

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

CORPORATE GOVERNANCE (CONTINUED)

VI. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

11. Dividend Policy (Continued)

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

Withholding and Payment of Income Tax (Continued)

Profit Distribution to Investors of Northbound Trading

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

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

CORPORATE GOVERNANCE (CONTINUED)

VI. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

11. Dividend Policy (Continued)

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

Withholding and Payment of Income Tax (Continued)

Profit Distribution to Investors of Southbound Trading

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

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

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

VI. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

12. Shareholder's Rights

(1) *Shareholder's rights*

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

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

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

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

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

CORPORATE GOVERNANCE (CONTINUED)

VI. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

12. Shareholder's Rights (Continued)

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

Procedures for putting forward proposals to the shareholders' general meeting

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

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

Procedures for shareholders to propose a Director candidate

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

Procedures for shareholders to make enquiries to the board

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

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

Fax No.: 028-8758 3551

Email: dsb@dongfang.com

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

ENVIRONMENT AND SOCIAL RESPONSIBILITY

I. ENVIRONMENTAL INFORMATION

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

1. Pollutant discharge information

Company name	Major pollutants	Emission method	Number of discharge outlets	Emission concentration	Emission Standard Implemented	Standard Limit	Total emissions (t)	Whether exceeded or not
Dongfang Electrical	COD	Indirect emissions	1	86.73mg/L	Class 3 standards under "Integrated Wastewater Discharge Standard" (GB8978-1996)	500mg/L	85.47	No
Dongfang Electrical	Ammonia nitrogen	Indirect emissions	1	19.87mg/L	Class 3 standards under "Integrated Wastewater Discharge Standard" (GB8978-1996)	–	19.58	No
Dongfang Steam Turbine	COD	Indirect emission	1	11.34mg/L	Class 3 standards under "Integrated Wastewater Discharge Standard" (GB8978-1996)	500mg/L	6.75	No
Dongfang Steam Turbine	Ammonia nitrogen	Indirect emission	1	10.55mg/L	Class 3 standards under "Integrated Wastewater Discharge Standard" (GB8978-1996)	–	1.0	No
Dongfang Boiler	COD	Intermittent emission	5	52mg/L	Class 3 standards under "Integrated Wastewater Discharge Standard" (GB8978-1996)	500mg/L	18.93	No
Dongfang Boiler	Ammonia nitrogen	Intermittent emission	5	11.42mg/L	Class 3 standards under "Integrated Wastewater Discharge Standard" (GB8978-1996)	–	4.16	No
Dongfang Boiler	Noise at boundary	Intermittent emission	–	Daytime 54.8 dB(A) Night 47.5 dB(A)	Class 3 standards under "Emission Standard for Industrial Enterprises Noise at Boundary" GB12348-2008	Daytime: 65 dB(A); Night: 55 dB(A)	–	No
Dongfang Boiler	SO ₂	Intermittent emission	29	Material Balance	Class 2 under the table 2 of "Integrated Emission Standard of Air Pollutants" GB16297-1996; Period 2 Standard under "Emission Standard of Air Pollutants for Boiler" GB13271-2001	550mg/m ³ (Air) 900mg/m ³ (Boiler)	12.41	No
Dongfang Boiler	Nitrogen oxides	Intermittent emission	29	Material Balance	Class 2 under the table 2 of "Integrated Emission Standard of Air Pollutants" GB16297-1996; Period 2 Standard under "Emission Standard of Air Pollutants for Boiler" GB13271-2001	240mg/m ³	40.48	No
Dongfang KWH	Particulates	Organised emissions	9	20mg/m ³	Class 2 under the table 2 of "Integrated Emission Standard of Air Pollutants" GB16297-1996	120mg/m ³	1.06	No

ENVIRONMENT AND SOCIAL RESPONSIBILITY (CONTINUED)

I. ENVIRONMENTAL INFORMATION (CONTINUED)

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

2. Construction and operation of pollution prevention facilities

Dongfang Electric strengthens the prevention and control of pollutant sources, strictly reviews the energy consumption and pollutant emissions of fixed asset investment projects, and controls the generation and emissions of pollutants from the source. Affiliated enterprises carry out project approval and facility construction for air and water pollution control based on actual situations; strengthen the operation and maintenance management of pollution prevention and control facilities to ensure the effective operation of environmental protection equipment and facilities.

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

The affiliated enterprises strictly implement the environmental impact assessment system of construction projects, implement the “three synchronizations” requirements for pollutant prevention facilities, and strictly comply with the requirements of national laws and regulations such as the Environmental Protection Law, the Water Pollution Prevention Law, the Air Pollution Prevention Law, and the Measures for the Administration of Discharge Permits. They legally hold discharge permits and discharge pollutants in accordance with the provisions of discharge permits.

4. Contingency plan for environmental emergencies

Dongfang Electric has incorporated sudden environmental incidents into its comprehensive emergency plan, and its key pollutant discharge units have developed emergency plans for sudden environmental incidents and filed them with the local environmental protection department as required. In case of sudden environmental incidents, emergency preparedness and response plans will be initiated based on the event classification; affiliated enterprises have developed the “Heavy Pollution Weather Emergency Plan” in accordance with the “Technical Guidelines for Developing Emergency Emission Reduction Measures for Key Industries in Heavy Pollution Weather (2020 Edition)” and the requirements for graded management of enterprise environmental performance. According to the local department’s heavy pollution weather warning information, the enterprise emergency plan is synchronously activated, and measures such as production suspension and emission reduction are implemented according to the warning level.

ENVIRONMENT AND SOCIAL RESPONSIBILITY (CONTINUED)

I. ENVIRONMENTAL INFORMATION (CONTINUED)

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

5. Environmental self-monitoring program

Key pollutant discharge units entrust a third-party professional organization to carry out environmental risk assessment, develop a self monitoring scheme for the environment, configure online environmental monitoring equipment as required, and entrust units with environmental monitoring qualifications to carry out environmental monitoring of wastewater, waste gas, noise and other work as planned.

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

Not applicable

7. Other environmental information that should be disclosed

According to the management regulations of the “Measures for Environmental Information Disclosure of Enterprises and Institutions” issued by the Ministry of Ecology and Environment, if the affiliated enterprise is one of key pollutant discharge units, its environmental information shall be made public through its website, enterprise and institution environmental information disclosure platform, etc.

- (II) Description of Environmental Protection of Companies other than Key Pollutant Discharging Units

Not applicable

ENVIRONMENT AND SOCIAL RESPONSIBILITY (CONTINUED)

I. ENVIRONMENTAL INFORMATION (CONTINUED)

(III) Information on Protecting the Ecology, Preventing and Controlling Pollution, and Fulfilling Environmental Responsibilities

1. Utilizing the advantages of hydropower resources in Sichuan Province, organize affiliated enterprises in Sichuan to carry out “direct electricity purchase”, achieving a “green electricity” proportion of nearly 70%; affiliated enterprises actively promote the construction of rooftop photovoltaic power generation projects and further increase the proportion of “green electricity”.
2. Actively carry out the construction of green workshops and green factories. Benchmark industry standards and relevant evaluation standards, formulate and release evaluation standards for Dongfang Electric’s green workshops, organize affiliated enterprises to determine target workshops, conduct self-assessment based on the standards, and create the first batch of 9 green demonstration workshops with high standards.
3. Actively carry out energy-saving work from various aspects such as process improvement, equipment energy-saving transformation, and energy-saving product promotion. Adopt digital workshop construction and the “conversion of gas to electricity” for welding preheating to effectively reduce energy consumption; Dongfang Steam Turbine has built a leading domestic “black light production line” for steam turbine blades, achieving a significant increase in energy utilization efficiency.
4. In accordance with the Technical Guidelines for Developing Emergency Emission Reduction Measures for Key Industries in Heavily Polluted Weather (2020 Edition) and the relevant requirements of environmental performance grading control, organize enterprises to carry out environmental performance benchmarking and upgrading.
5. Dongfang Steam Turbine and other affiliated enterprises use HVLP spray gun efficient coating technology to replace manual air spraying. Dongfang Electric Machinery has built a “green unmanned workshop” for stator lamination, reducing volatile organic compounds emissions by 70%; configure the welding robot smoke collection and purification device to realize more than 90% smoke collection without affecting the welding process shielding gas; renovate the spray paint telescopic shed, design fixed door curtains through mathematical modeling, achieve micro negative pressure on the spray paint site, and effectively reduce the impact of harmful factors such as noise, dust, and benzene series in the working environment.

ENVIRONMENT AND SOCIAL RESPONSIBILITY (CONTINUED)

I. ENVIRONMENTAL INFORMATION (CONTINUED)

(IV) Measures Taken to Reduce Carbon Emissions During the Reporting Period

Are carbon reduction measures taken?	Yes
Reduction of carbon dioxide equivalent emissions (in tons)	12,149.9
Types of carbon reduction measures	Develop and produce energy-saving and carbon reducing power generation equipment, use low-carbon energy supply systems, and use carbon reduction technologies in the production process

Note: Dongfang Electric vigorously develops the low-carbon and zero-carbon energy equipment industry, and assists the national new energy system with green supply. In 2022, approximately 31.17 million tons of carbon emissions was reduced per year through the production of low-carbon and zero-carbon products, equivalent to approximately 11.99 million tons of standard coal. The Company continues to improve the digital level of production and manufacturing. In 2022, the comprehensive energy consumption of the Company's RMB10,000 output value decreased significantly by 22.73% compared to the previous year.

Detailed explanations

The Company has established a leading group for carbon peak and carbon neutrality work, held regular meetings of the leading group, and studied and deployed various key tasks; included energy consumption intensity and carbon emission intensity as important indicators in the assessment of the operating performance of affiliated enterprises, and strengthened process supervision and accountability for affiliated enterprises; organized the formulation, release and timely revision of Dongfang Electric's carbon peak and carbon neutrality action plan, clarified the organization's overall carbon management work, further built and improved the carbon management system, set up Dongfang Electric's carbon peak and carbon neutrality research center, improve the professional research capacity of "dual carbon", and provide a strong guarantee for the green and low-carbon development of enterprises.

Dongfang Wind Power, an affiliated enterprise, took the lead in completing the carbon footprint assessment and analysis of China's first 10MW offshore unit, which is at the leading level compared with similar wind turbines, achieving a carbon dioxide equivalent reduction of approximately 560 tons of a single 10MW wind turbine within its life cycle, equivalent to a coal saving of approximately 248 tons.

II. SOCIAL RESPONSIBILITY WORK

(I) Whether to separately disclose social responsibility report, sustainable development report or ESG report

For details, please refer to the 2022 Social Responsibility Report of Dongfang Electric Corporation Limited and 2022 Environment, Social and Governance Report of Dongfang Electric Corporation Limited in the overseas regulatory announcement disclosed by the Company on the website of the Stock Exchange.

ENVIRONMENT AND SOCIAL RESPONSIBILITY (CONTINUED)

II. SOCIAL RESPONSIBILITY WORK (CONTINUED)

(II) Particulars of social responsibility work

Currency: RMB

External donations and public welfare projects	Quantity/ Content	Explanation
Total investment (RMB10,000)	2,163.53	Among them, RMB20.5231 million was spent on rural revitalization in Zhaojue County, Jixian County, and other areas; RMB112,200 was donated to educational and charitable institutions in India; RMB1 million was donated for other public welfare.
Including: Fund (RMB10,000)	2,163.53	
Equivalent material (RMB10,000)	0	
Number of beneficiaries (person)	31,033	

III. CONSOLIDATING AND EXPANDING THE ACHIEVEMENTS OF POVERTY ALLEVIATION AND RURAL REVITALIZATION WORK

Currency: RMB

Poverty alleviation and rural revitalization projects	Quantity/Content	Explanation
Total investment (RMB10,000)	2,052.31	
Including: Fund (RMB10,000)	2,052.31	
Equivalent material (RMB10,000)	0	
Number of beneficiaries (person)	29,921	
Assistance forms (such as industrial poverty alleviation, employment poverty alleviation, education poverty alleviation, etc.)	Industrial assistance, talent assistance, cultural assistance, and ecological assistance	See detailed explanation

ENVIRONMENT AND SOCIAL RESPONSIBILITY (CONTINUED)

III. CONSOLIDATING AND EXPANDING THE ACHIEVEMENTS OF POVERTY ALLEVIATION AND RURAL REVITALIZATION WORK (CONTINUED)

Detailed explanations

1. Persist in consolidating the achievements of “two no worries and three guarantees”. Invest a total of RMB4.7 million in Zhaojue County to carry out the construction of Niubo Resettlement Community Kindergarten and scholarship, continuing to promote education assistance throughout the school period; complete the renovation of kitchens, toilets, and living rooms for some difficult villagers in Tebuluo Township to improve the hygiene and safety conditions of residents’ housing; implement scholarships in Jixian County to carry out education assistance; adopt microbial degradation technology to install waterless toilets for the people of Taidu Village in Tunli Town, continuing to carry out the toilet revolution.
2. Assist in industrial revitalization. The assistance project highlights the leading role of the model. Support Huopu Village in Zhaojue County to build a “Comprehensive Energy Demonstration Village (Phase I)” project, plan to build a distributed photovoltaic project, and promote the organic combination of enterprise equipment manufacturing advantages and the natural resource endowment of the region in assistance. Build a peanut and golden chrysanthemum planting base in Jixian County, carry out demonstration and promotion of intercropping in apple young tree parks and resource utilization of idle land, and build a full chain integrated development pattern of “agricultural raw material planting + order based acquisition + product deep processing + market-oriented sales”; the investment and construction of the “Oriental · Time” children’s theme park project in Shangdong Village leverage the “multiplier effect” of assistance funds to create a demonstration model of rural revitalization “Shangdong” with integrated development of multiple industries. The assistance project highlights the effectiveness of helping and enriching farmers. The Xiaochanmao Industrial Park and Tartary Buckwheat Workshop in Zhaojue County purchased local breeding materials at favorable prices for farmers, and distributed annual dividends to the collective economy of Tebuluo Village; the “Comprehensive Energy Demonstration Village (Phase I)” project in Huopu Village can sustainably generate income for the village’s collective economy. The demonstration base for peanut planting and golden chrysanthemum intercropping in Jixian County has brought an increase of RMB2,000 to 4,000 per mu in income to the village collective and villagers; the “Oriental · Time” children’s theme park project in Shangdong Village has brought nearly 100 jobs to people nearby. Adapt to local conditions and innovate models. Based on the Company’s industry advantages and natural resource endowments such as local scenery, seek new models to improve the local industrial layout. Collaborate with local enterprises to develop local distributed wind and solar resources in Zhaojue County and promote the first phase of the 48.5MW project; promote the waste incineration power generation project in Zhaojue County through commercial investment. Complete the warehousing work of the 200MW forest light complementary project and the 200MW wind power generation project in Jixian County. The project aims to improve the construction of the regional industrial system through the overall solution of Dongfang Electric’s green industry. Upon completion, the project may bring long-term stable employment and tax revenue to the local area, promoting the comprehensive economic and social development of the assisted area.

ENVIRONMENT AND SOCIAL RESPONSIBILITY (CONTINUED)

III. CONSOLIDATING AND EXPANDING THE ACHIEVEMENTS OF POVERTY ALLEVIATION AND RURAL REVITALIZATION WORK (CONTINUED)

Detailed explanations (Continued)

3. Assist in talent revitalization. Continue to deepen the promotion of education and assistance for all students in Zhaojue County. Donate to build community kindergartens to improve educational infrastructure construction; continuously carry out evaluations and commendations of awards, scholarships, and teaching awards; carry out trainings for more than 120 primary and secondary school principals and teachers in school management, curriculum reform, and teacher ethics. In Jixian County, through the help measures of “compulsory education + secondary vocational education + skills training”, we built a brand of labor service export in Jixian County and improve the talent education promotion mechanism. Establish special awards and scholarships, carry out educational assistance to build a solid bottom line for controlling dropout and ensuring school enrollment; carry out talent cultivation through enterprise school cooperation to improve the level of vocational education; carry out order based skill training, create a “welder” labor export brand in Jixian County, and assist in the revitalization of rural talents.
4. Assist in cultural revitalization. Make efforts to create a good situation of rural civilization and comprehensively stimulate the internal motivation of the public. Support Tebuluo Township in Zhaojue County to carry out the “Special Evaluation and Commendation for Changing Customs”, “Anti-Drug and AIDS Prevention and Boycott of High Price Betrothal Gift, Signing of Ten Thousand People to Deepen the Changing Customs” activities, and continue to promote the management of “moral points”; support the development of Dongfang Electric · Zhaojue cultural exchange activities, carry out Zhaojue literary and artistic innovation, cultural promotion to the countryside, participate in the 70th anniversary celebration of Liangshan Prefecture, and encourage the creation of more excellent Yi cultural works. Promote the changing of customs and traditions by renovating the Daytime Care Center and Love Supermarket in Linyu Village, Jixian County; support the construction of the Shangdong Village Industrial Culture and Tourism Project in Jichang Town, build a children’s entertainment venue that integrates entertainment and education, and create a happy and civilized home.
5. Assist in ecological revitalization. Build Tebuluo Demonstration Village (Phase II) in Tebuluo Township, Zhaojue County, with “one tree sheltering one village” as the creative starting point, complete the construction of the whole village style including the sewage treatment system, and create a beautiful home with mountains, water, nostalgia, harmonious coexistence between human and nature, and organic integration of production and life ecology; build Gumo Village Rural Revitalization Demonstration Village Project, complete greening, sewage treatment system construction, etc., and improve the rural landscape and environment. Build a digital rural demonstration village for the integration of urban and rural industries in Linyu Village, Jixian County, and implement the Linyu Village rural beautification project; install solar street lights for Checheng Village in Checheng Town, Guxian Village in Wencheng Town, and Xiexi Village in Jichang Town, further improving village level infrastructure; implement the renovation of some villagers’ toilets in Taidu Village, Tunli Town, Jixian County using waterless toilet technology, providing a demonstration model for the toilet revolution under local water shortage and freezing conditions.

SIGNIFICANT EVENTS

I. PERFORMANCE OF UNDERTAKINGS

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

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

SIGNIFICANT EVENTS

I. PERFORMANCE OF UNDERTAKINGS

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

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

SIGNIFICANT EVENTS (CONTINUED)

II. APPOINTMENT OR DISMISSAL OF THE AUDITOR

Unit: 10,000 Yuan Currency: RMB

		Now engaged by
Name of the domestic auditor		Da Hua Certified Public Accountants (Special General Partnership)
Remuneration of the domestic auditor		200
Term of audit of the domestic auditor		3
Name of the certified public accountant of the domestic auditor		Zhangkui, Yin Chuansong
Continuous term of audit of the certified public accountant of the domestic auditor		3
Name		Remuneration
Internal control auditor	Da Hua Certified Public Accountants (Special General Partnership)	27.5

Explanation on the appointment and dismissal of accounting firms

The Company's 2021 financial final accounts have been audited by Da Hua Certified Public Accountants (Special General Partnership). According to the audit service in 2021, Da Hua Certified Public Accountants can meet the content and quality requirements of the Company's annual final accounts audit service with fairly good audit quality, and provide good management advice and other consulting services. The Company and the auditor cooperate well.

SIGNIFICANT EVENTS (CONTINUED)

III. BANKRUPTCY REORGANIZATION

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

IV. SIGNIFICANT LITIGATION OR ARBITRATION EVENTS

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

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

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

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 6 January 2022, the Company notified creditors to repurchase and cancel 150,000 shares, and reduced the registered capital accordingly.

On 8 March 2022, the Company implemented the repurchase and cancellation of restricted shares. The cancellation date was 10 March 2022. The repurchase and cancellation of restricted shares involved 5 people and 150,000 shares in total.

At the seventh meeting of the tenth session of the Supervisory Committee and 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.

SIGNIFICANT EVENTS (CONTINUED)

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

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

On 19 May 2022, the Company notified the creditors to repurchase and cancel 193,333 shares, and reduced the registered capital accordingly.

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 12 July 2022, the Company implemented the repurchase and cancellation of restricted shares. The cancellation date was 14 July 2022. The repurchase and cancellation of restricted shares involved 4 people and 193,333 shares in total.

At the seventeenth meeting of the tenth session of the Board and the eleventh meeting of the tenth session of the Supervisory Committee of the Company held on 28 October 2022, the Resolution on Fulfillment of the Conditions for the First Unlocking Period Under the Reserved Grant under the Restricted A Share Incentive Scheme for 2019 was considered and approved.

The first lock-up period for the First Grant under the Restricted A Share Incentive Scheme for 2019 of the Company expired on 25 November 2022, the corresponding conditions for unlocking have been satisfied, the number of participants the shares held by whom can be unlocked was 25 in total, the number of unlocked shares involved was 298,998 A Shares, and the unlocked shares commenced trading on 28 November 2022.

At the twenty-first meeting of the tenth session of the Board and the twelfth meeting of the tenth session of the Supervisory Committee of the Company held on 28 December 2022, the Resolution on the Repurchase and Cancellation of Certain Restricted Shares and the Resolution on Fulfillment of the Conditions for the Second Unlocking Period Under the Reserved Grant under the Restricted A Share Incentive Scheme for 2019 were considered and approved.

SIGNIFICANT EVENTS (CONTINUED)

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

(II) Overview of the Restricted Share Scheme for 2019

(1) Purpose of the Scheme

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

(2) Participants under the Scheme

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

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

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

SIGNIFICANT EVENTS (CONTINUED)

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

(II) Overview of the Restricted Share Scheme for 2019 (Continued)

(4) Maximum Entitlement of each Participant under the Scheme

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

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

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

SIGNIFICANT EVENTS (CONTINUED)

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

(II) Overview of the Restricted Share Scheme for 2019 (Continued)

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

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

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

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

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

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

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

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

SIGNIFICANT EVENTS (CONTINUED)

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

(II) Overview of the Restricted Share Scheme for 2019 (Continued)

(7) Remaining Validity Period of the Scheme

The Validity Period of the Incentive Scheme at the initial grant shall commence on the date of the registration of the Restricted Shares and end on the date when all the Restricted Shares which have been granted to the Participants are unlocked or repurchased and cancelled, and shall not exceed 72 months. The validity period shall be from 7 January 2020 to 6 January 2026.

(8) Accounting Treatment on Restrictive Shares

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

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

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

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

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

SIGNIFICANT EVENTS (CONTINUED)

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

(II) Overview of the Restricted Share Scheme for 2019 (Continued)

(8) Accounting Treatment on Restrictive Shares (Continued)

Status for 2022 of the Restricted Share Incentive Scheme for 2019 – First Grant of Restricted Shares

Name	Position	Number of the Restricted Shares granted (share(s))	Shares unvested at the beginning of the Reporting Period (share(s))	Shares vested during the Reporting Period (share(s))	Shares cancelled during the Reporting Period (share(s))	Shares lapsed during the Reporting Period (share(s))	Shares not yet vested at the end of the Reporting Period (share(s))
Gao Feng	Secretary to the Board	150,000	150,000	50,000	0	0	100,000
Gao Feng	Vice president	150,000	150,000	50,000	0	0	100,000
Wang Weimin	Vice president	75,000	750,000	25,000	0	0	50,000
Hu Xiukui	Vice president	75,000	750,000	25,000	0	0	50,000
Chen Huan	Former vice president (Retired in November 2021)	150,000	150,000	50,000	100,000	0	0
Total	Connected person	600,000	600,000	200,000	0	0	300,000
Mid-level management and frontline leaders (776 persons)		27,388,699	26,850,699	8,882,232	243,333	0	17,725,134
Total		27,988,699	27,450,699	9,082,232	343,333	0	18,025,134

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

2. The number of Restricted Shares unlocked during the Reporting Period was 9,082,232 and the market price of the Company's A shares on the unlocking date (10 January 2022) was RMB19.71.

3. During the Reporting Period, the number of Restricted Shares cancelled was 343,333.

4. During the Reporting Period, the number of Restricted Shares lapsed was 0.

SIGNIFICANT EVENTS (CONTINUED)

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

(II) Overview of the Restricted Share Scheme for 2019 (Continued)

(8) Accounting Treatment on Restrictive Shares (Continued)

Status for 2022 of the Restricted Share Incentive Scheme for 2019 – First Grant of Restricted Shares (Continued)

The First Grant of Restricted Shares under the Restricted Share Incentive Scheme for 2019 was completed prior to the Reporting Period and there were no grants of Restricted Shares during the Reporting Period. At the beginning and end of the Reporting Period, there were no Restricted Shares to be granted.

Status for 2022 of the Restricted Share Incentive Scheme for 2019 – First Grant of Restricted Shares

Name	Position	Number of the Restricted Shares granted (share(s))	Shares unvested at the beginning of the Reporting Period (share(s))	Shares vested during the Reporting Period (share(s))	Shares cancelled during the Reporting Period (share(s))	Shares lapsed during the Reporting Period (share(s))	Shares not yet vested at the end of the Reporting Period (share(s))
Mid-level management and frontline leaders (26 persons)		972,000	897,000	298,998	0	0	598,002
Total		972,000	897,000	298,998	0	0	598,002

Note: 1. For the Reserved Grant under the Restricted Share Incentive Scheme for 2019 (which has been granted prior or subsequent to the Reporting Period), the number of Restricted Shares granted was 972,000 with a purchase price of RMB6.54 and the registration date was 26 November 2020. The unlocking periods under the Reserved Grant of Restricted Shares are 24 months, 36 months and 48 months respectively from the date of completion of registration.

2. The number of Restricted Shares unlocked during the Reporting Period was 298,998 and the market price of the Company's A shares on the unlocking date (28 November 2022) was RMB24.64.

3. During the Reporting Period, the number of Restricted Shares cancelled was 0.

4. During the Reporting Period, the number of Restricted Shares lapsed was 0.

The Reserved Grant of Restricted Shares under the Restricted Share Incentive Scheme for 2019 was completed prior to the Reporting Period and there were no grants of Restricted Shares during the Reporting Period. At the beginning and end of the Reporting Period, there were no Restricted Shares to be granted.

SIGNIFICANT EVENTS (CONTINUED)

VI. MATERIAL CONNECTED TRANSACTIONS

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

(I) Continuing connected transactions

1. Continuing Connected Transaction Agreements

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

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

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

The basic content of these agreements are:

(1) 2022-2024 Purchase and Production Service Framework Agreement

Dongfang Electric Corporation and its subsidiaries shall supply products and provide production services to the Company and its affiliated enterprises. The products include but are not limited to raw materials, semi-finished products, accessories, auxiliary materials, components, production tools and equipment, processing tools, employee necessities, and other related products and materials. The production services include but are not limited to processing services, import agency services, technical services, inspection and testing services, after-sales services, transportation services, maintenance, repair and management services of relevant tools and equipment, vehicle maintenance and other related services.

SIGNIFICANT EVENTS (CONTINUED)

VI. MATERIAL CONNECTED TRANSACTIONS (CONTINUED)

(I) Continuing connected transactions (Continued)

1. Continuing Related Transaction Agreements (Continued)

(2) 2022-2024 Marketing and Production Service Framework Agreement

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

(3) 2022-2024 Combined Ancillary Service Framework Agreement

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

(4) 2022-2024 Financial Services Framework Agreement

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

SIGNIFICANT EVENTS (CONTINUED)

VI. MATERIAL CONNECTED TRANSACTIONS (CONTINUED)

(I) Continuing connected transactions (Continued)

1. Continuing Connected Transaction Agreements (Continued)

(5) 2022-2024 Property and Equipment Lessee Framework Agreement

Dongfang Electric Corporation and its affiliated enterprises shall lease out the property to the Company or its subsidiaries, and guarantee that the Company and its subsidiaries, as lessees, have the exclusive right to use the leased property continuously and legally during the lease term.

(6) 2022-2024 Property and Equipment Lessor Framework Agreement

The Company and its subsidiaries shall lease out the property to Dongfang Electric Corporation or its affiliated enterprises, and guarantee that Dongfang Electric Corporation and its affiliated enterprises, as lessees, have the exclusive right to use the leased property continuously and legally during the lease term.

(7) 2022-2024 Finance Lease Framework Agreement

Honghua Group Limited and its affiliated enterprises shall provide finance lease services for production equipment, including but not limited to direct leasing and sale-and-leaseback services, to Dongfang Electric Corporation and its affiliated enterprises.

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

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

These connected transactions have been formally effective with the approval of the independent Directors of the Board of the Company and/or the independent shareholders of the general meeting of the Company. The specific amounts of these major continuing connected transactions as at 31 December 2022 did not exceed the annual caps approved by the Board or the general meeting.

SIGNIFICANT EVENTS (CONTINUED)

VI. MATERIAL CONNECTED TRANSACTIONS (CONTINUED)

(I) Continuing connected transactions (Continued)

2. Details of the continuing connected transactions as at 31 December 2022

Actual amount of the connected transaction as at 31 December 2022 and the annual cap amount in 2022

Unit: 0'000 Yuan Currency: RMB

Name of framework agreement	Date of signing	Subject of transactions	Maximum annual cap	Amount for the year
2022-2024 Purchase and Production Service Framework Agreement	31 December 2021	Dongfang Electric Corporation and its affiliated enterprises shall supply products and provide production services to the Company and its subsidiaries	180,000	57,026.57
2022-2024 Marketing and Production Service Framework Agreement	31 December 2021	The Company and its subsidiaries shall supply products and provide production services to Dongfang Electric Corporation and its subsidiaries	180,000	32,520.32
2022-2024 Combined Ancillary Service Framework Agreement	31 December 2021	The Company and its subsidiaries shall provide the combined ancillary services to Dongfang Electric Corporation and its affiliated enterprises	0	0
	31 December 2021	Dongfang Electric Corporation and its affiliated enterprises shall provide the combined ancillary services to the Company and its subsidiaries	600	481.49
2022-2024 Financial Services Framework Agreement	31 December 2021	Dongfang Electric Finance Co., Ltd. shall provide the deposit, loan and other services to Dongfang Electric Corporation and its affiliated enterprises		
		(1) Maximum daily deposit balance and earned deposit interest income	1,000,000	800,801.99
		(2) Maximum daily loan balance and loan interest expenses paid	180,000	64,256.18
2022-2024 Property and Equipment Lessee Framework Agreement	31 December 2021	Dongfang Electric Corporation and its affiliated enterprises shall lease out the property to the Company or its subsidiaries	50,000	10,326.46
2022-2024 Property and Equipment Lessor Framework Agreement	31 December 2021	The Company and its subsidiaries shall lease out the property to Dongfang Electric Corporation or its affiliated enterprises	200	0
2022-2024 Finance Lease Framework Agreement	30 September 2022	Honghua Group Limited and its affiliated enterprises shall provide finance lease services for production equipment to Dongfang Electric Corporation and its affiliated enterprises	5,000	0

SIGNIFICANT EVENTS (CONTINUED)

VI. MATERIAL CONNECTED TRANSACTIONS (CONTINUED)

(I) Continuing connected transactions (Continued)

3. Review and confirmation for continuing connected transactions

- (i) Pursuant to Rule 14A.56 of the Listing Rules, the auditors of the Company engaged by the Company has reported and confirmed these continuing connected transactions for 2022:
 - (1) have been approved by the Board of the Company;
 - (2) have been conducted in accordance with the company's pricing policy (if applicable);
 - (3) have been conducted in accordance with the terms of the agreements governing the transactions; and
 - (4) did not exceed the caps disclosed in the previous announcement.
- (ii) The independent non-executive Directors of the Company reviewed the continuing connected transactions and confirmed that:
 - (1) these transactions are the daily business of the Company;
 - (2) these transactions are conducted in accordance with the normal commercial terms, or the terms of the transactions are no less favourable than those obtained from or provided by the independent third parties (as the case may be) the terms if the comparable transactions are insufficient to determine whether the terms of the transactions are the normal commercial terms; and
 - (3) these transactions are conducted in accordance with the terms of the agreement in relation to the transaction, and the terms of the transaction are fair and reasonable and in the interests of the shareholders of the Company as a whole.

4. Related-party transactions

The connected transactions entered into by the Group for the year ended 31 December 2022 are set out in Note 10 of the financial statements, of which, certain connected transactions/related party transactions also constitute continuing connected transactions. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of such connected transactions.

SIGNIFICANT EVENTS (CONTINUED)

VII. MATERIAL CONTRACTS AND IMPLEMENTATION THEREOF

(I) Guarantee

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

Unit: Yuan Currency: RMB

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

SIGNIFICANT EVENTS (CONTINUED)

VII. MATERIAL CONTRACTS AND IMPLEMENTATION THEREOF (CONTINUED)

(I) Guarantee (Continued)

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

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

Total balance of guarantee as at the end of the Reporting Period (A)

(excluding those provided for subsidiaries) 92,500,000

Guarantees provided by the Company and its subsidiaries to their subsidiaries

Total guarantee for subsidiaries incurred during the Reporting Period 0

Total balance of guarantee for subsidiaries as at the end of the Reporting Period (B) 0

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

Aggregate guarantee (A+B) 92,500,000

Total guarantee as a percentage of the net assets of the Company (%) 0.24

Representing:

Amount of guarantee provided for shareholders, de facto controller and their related parties (C) 0

Balance of debts guarantee directly or indirectly provided to guaranteed parties with gearing ratio over 70% (D) 0

Excess amount of aggregate guarantee over 50% of net assets (E) 0

Aggregate amount of the above three items (C+D+E) 0

SIGNIFICANT EVENTS (CONTINUED)

VII. MATERIAL CONTRACTS AND IMPLEMENTATION THEREOF (CONTINUED)

(I) Guarantee (Continued)

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

During the Reporting Period, the Company provided guarantees for Inner Mongolia Energy Power Hongnijing Wind Power Co., Ltd., Inner Mongolia Mengneng Sanshengtai Wind Power Co., Ltd. and Inner Mongolia Mengneng Wulan New Energy Co., Ltd. with its 20% equity interests in each of above three companies amounting to RMB68 million. The guarantees shall be valid from the effective date of the Equity Pledge Agreement until all debts under the Financial Leasing Contract are being repaid.

DEC Dongfang Steam Turbine Co., Ltd., a controlling subsidiary of the Company, provided guarantee in an amount of RMB24.5 million for Mitsubishi Heavy Industries Dongfang Gas Turbine (Guangzhou) Co., Ltd., which constituted a continuous guarantee of payment and performance of obligations. The guarantor's obligations under the guarantee should not exceed and should be limited to the scope of obligations and liabilities to be assumed by the vendor pursuant to the contract. The Guaranteed Entity provided an equivalent guarantee to the Company.

At the end of the Reporting Period, the aggregate guarantee of the Company amounted to RMB92.5 million, representing 0.24% of the net assets of the Company.

Details of the guarantees

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

SIGNIFICANT EVENTS (CONTINUED)

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

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

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

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

Profit Distribution Scheme for 2021: Audited by Da Hua Certified Public Accountants LLP, the net profit attributable to shareholders of the parent Company is RMB2,289,036,817.45 in 2021; The parent company has procured a net profit of RMB1,141,407,059.53. The Company intended to distribute a cash dividend of RMB2.3 (tax inclusive) per 10 shares on the basis of 3,118,807,797 shares of its share capital before the implementation of the scheme, totaling payment of a cash dividend of RMB717,325,793.31. The Company did not convert any capital reserve into share capital nor make any bonus issue.

Profit Distribution Scheme for 2022: Audited by Da Hua Certified Public Accountants LLP, the net profit attributable to shareholders of the parent Company is RMB2,854,650,575.05 in 2022; The parent company has procured a net profit of RMB1,145,716,562.34. The Company intended to distribute a cash dividend of RMB3.35 (tax inclusive) per 10 shares on the basis of 3,118,533,797 shares of its share capital as at the date of the annual report, totaling payment of a cash dividend of RMB1,044,708,822.00. The Company did not convert any capital reserve into share capital nor make any bonus issue. The proposal still needs to be submitted to the 2022 annual general meeting for consideration and approval.

SIGNIFICANT EVENTS (CONTINUED)

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

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

Unit: Yuan Currency: RMB

Year of distribution	Number of bonus shares for every 10 Shares (share(s))	Dividend for every 10 shares (Tax inclusive) (RMB)	Number of scrip shares for every 10 shares (share(s))	Total amount of cash dividend (Tax inclusive)	Net profits attributable to ordinary shareholders of the Company in the consolidated financial statements during the year of distribution	Percentage of the net profits attributable to ordinary shareholders of the Company in the consolidated financial statements (%)
2022	0	3.35	0	1,044,708,822.00	2,854,650,575.05	36.60
2021	0	2.30	0	717,370,259.90	2,289,036,817.45	31.34
2020	0	1.8	0	561,532,703.40	1,861,998,155.29	30.16

IX. DISCLOSURE OF OTHER EVENTS

- (I) Public Float

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

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

During the Reporting Period, the Company repurchased and cancelled part of the Restricted A shares granted under the 2019 Restricted A Share Incentive Scheme (the "Incentive Scheme").

- i. As three Participants under the First Grant have resigned due to personal reasons and are no longer qualified as Participants; one Participant has breached relevant regulations and is no longer qualified as a Participant; one Participant failed to satisfy the conditions for the first unlocking period under the First Grant of the Incentive Scheme due to the failure to achieve the target of the individual performance appraisal, on 10 March 2022, the Company completed the repurchase and cancellation of a total of 150,000 Restricted A shares that have been granted to the aforesaid five Participants yet still locked up. For details, please refer to the relevant announcements of the Company dated 8 December 2021 and 7 March 2022.

SIGNIFICANT EVENTS (CONTINUED)

IX. DISCLOSURE OF OTHER EVENTS (CONTINUED)

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

- ii. As three of the Participants under the First Grant have retired and are no longer qualified as Participants, and a Participant has resigned due to personal reasons and is no longer qualified as a Participant, on 14 July 2022, the Company completed the repurchase and cancellation of all the Restricted Shares totalling 193,333 A shares that have been granted to the aforesaid four Participants yet still locked up. For details, please refer to the relevant announcements of the Company dated 29 April 2022 and 11 July 2022.

Save for the above matters, none of the Company or its subsidiaries purchased, sold or redeemed any listed securities of the Company during the Reporting Period.

(III) Audit and Review Committee

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

(IV) Five-year Financial Summary

Unit: Yuan Currency: RMB

Item	2022 (31 December 2022)	2021 (31 December 2021)	2020 (31 December 2020)	2019 (31 December 2019)	2018 (31 December 2018)
Total assets	115,265,060,467.39	103,104,573,304.33	97,795,137,769.16	89,618,965,555.72	91,323,329,417.78
Total liabilities	76,640,188,940.23	67,720,696,078.96	64,153,537,732.09	57,820,532,585.13	60,629,420,802.57
Total shareholders' equity	38,624,871,527.16	35,383,877,225.37	33,641,600,037.07	31,798,432,970.59	30,693,908,615.21
Including: Equity attributable to shareholders of the parent company	34,981,476,376.39	32,497,661,980.41	30,907,668,527.78	29,454,645,749.51	28,584,050,995.80
Non-controlling shareholders' equity	3,643,395,150.77	2,886,215,244.96	2,733,931,509.29	2,343,787,221.08	2,109,857,619.41
Operating income	55,353,140,128.96	47,819,166,940.47	37,282,871,287.38	32,840,321,080.22	30,706,145,358.82
Total profit/(loss)	3,324,973,169.11	2,667,047,594.90	2,067,223,836.63	1,578,583,920.06	1,275,469,723.33
Income tax expenses	314,616,641.19	237,824,064.64	150,959,705.84	197,712,209.73	117,204,032.48
Net profit/(loss)	3,010,356,627.92	2,429,223,530.26	1,916,264,130.79	1,380,871,710.33	1,158,265,690.85
Including: Net profit/(loss) attributable to the parent company	2,854,650,575.05	2,289,036,817.45	1,861,998,155.29	1,277,671,818.13	1,128,834,236.51
Non-controlling shareholders profit or loss	155,705,952.87	140,186,712.81	54,265,975.50	103,199,892.20	29,431,454.34

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

I. CHANGES IN ORDINARY SHARES CAPITAL

(I) Table of total number of ordinary shares

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

1. Table of changes in shares

Unit: share

	Prior to the current movements		Increase/(decrease) of current movements (+, -)					After current movements	
	Number of shares	Percentage (%)	Issue of new shares	Bonus issue	Capitalization of surplus reserve	Others	Sub-total	Number of shares	Percentage (%)
I. Shares subject to trading moratorium	782,250,762	25.08				-9,724,563	-9,724,563	772,526,199	24.77
1. State-owned shares	0	0						0	0
2. State-owned legal person shares	753,903,063	24.17						753,903,063	24.17
3. Other domestic shares	28,197,699	0.90				-9,574,563	-9,574,563	18,623,136	0.60
Including: shares owned by domestic non-state-owned legal persons	0	0						0	0
Shares owned by domestic natural persons	28,197,699	0.90				-9,574,563	-9,574,563	18,623,136	0.60
4. Foreign owned shares	150,000	0.005				-150,000	-150,000	0	0
Including: shares owned by overseas legal persons	0	0						0	
Shares owned by overseas natural persons	150,000	0.005				-150,000	-150,000	0	
II. Tradable shares not subject to trading moratorium	2,336,900,368	74.92				9,381,230	9,381,230	2,346,281,598	75.23
1. RMB-denominated ordinary shares	1,996,900,368	64.02				9,381,230	9,381,230	2,006,281,598	64.33
2. Domestic listed foreign shares	0	0						0	0.00
3. Overseas listed foreign shares	340,000,000	10.90						340,000,000	10.90
4. Others	0	0							0.00
III. Total number of shares	3,119,151,130	100.00				-343,333	-343,333	3,118,807,797	100.00

Note: Due to changes in the personal circumstances of 13 Participants under the Restricted Share Scheme of the Company, the Company repurchased and cancelled a total of 274,000 Restricted A Shares which were granted but not yet unlocked, and had completed the cancellation on 13 March 2023. As of the date of disclosure in this report, the total number of ordinary shares of the Company was 3,118,533,797.

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

I. CHANGES IN ORDINARY SHARES CAPITAL (CONTINUED)

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

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

2. Explanation on changes in shares

Due to changes in the individual circumstances of the Participants under the Restricted Share Scheme of the Company, the Company repurchased and cancelled a total of 343,333 Restricted A Shares which were granted to certain Participants but not yet unlocked on 10 March and 14 July 2022, respectively. For details, please refer to the relevant announcements published on the website of Shanghai Stock Exchange (www.sse.com.cn).

3. The impact of share changes on financial indicators such as earnings per share and net assets per share for the most recent year and period (if any)

During the Reporting Period, due to the repurchase of Restricted Shares that have been granted to some participants yet still locked up, the Company cancelled 343,333 ordinary shares in total, accounting for 0.01% of the total shares of the Company, which has little impact on the main financial indicators of the Company.

(II) Changes in shares subject to trading moratorium

Unit: share

Name of shareholder	Number of shares subject to selling restrictions at the beginning of the year	Number of shares released from selling restrictions during the year	Increased number of shares subject to selling restrictions during the year	Number of shares subject to selling restrictions at the end of the year	Reason for selling restrictions	Date of release from selling restrictions
Dongfang Electric Corporation Limited	753,903,063	0	0	753,903,063	Non-public issuance of shares with restricted period of three years	Note
Participants under the Restricted A Share Incentive Scheme	28,347,699	9,381,230	-343,333	18,623,136	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	9,381,230	-343,333	772,526,199	/	/

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

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

II. PARTICULARS OF SHAREHOLDERS AND DE FACTO CONTROLLER

(I) Total number of shareholders

Total number of ordinary shareholders as of the end of the Reporting Period (<i>shareholder</i>)	87,453
Total number of ordinary shareholders as of the end of the month prior to the date of disclosure of the Annual Report (<i>shareholder</i>)	100,781
Total number of preferred shareholders with restored voting rights as of the end of the Reporting Period (<i>shareholder</i>)	0
Total number of preferred shareholders with restored voting rights as of the end of the month prior to the date of disclosure of the Annual Report (<i>shareholder</i>)	0

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

Unit: share

Shareholdings of top 10 shareholders							
Name of shareholder (full name)	Increase/ decrease during the Reporting Period	Number of shares held at the end of the Reporting Period	Percentage (%)	Number of shares held subject to trading moratorium	Pledged, marked or frozen		Type of shareholder
					Status of shares	Number of shares	
Dongfang Electric Corporation	0	1,727,919,826	55.40	753,903,063	Nil		State-owned legal person
HKSCC Nominees Limited	+32,334,352	337,898,369	10.83	0	Unknown		Overseas legal person
Basic pension insurance fund 802 portfolio (基本養老保險基金八零二 組合)	+16,544,758	16,544,758	0.53	0	Unknown		Other
Bank of China Limited – Taida Hongli Transformation Opportunity Equity Securities Investment Fund (泰達宏利轉型機遇股票型證券投資 基金)	+16,390,326	16,390,326	0.53	0	Unknown		Other
National Social Security Fund 113 Portfolio (全國社保基金一一三組 合)	+14,082,612	14,082,612	0.45	0	Unknown		Other
Guoshou Pension Strategy No. 4 Stock-based Pension Product (國 壽養老策略4號股票型養老金產 品)– Industrial and Commercial Bank of China Limited	+13,727,956	13,727,956	0.44	0	Unknown		Other

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

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

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

Name of shareholder (full name)	Shareholdings of top 10 shareholders						
	Increase/ decrease during the Reporting Period	Number of shares held at the end of the Reporting Period	Percentage (%)	Number of shares held subject to trading moratorium	Pledged, marked or frozen		Type of shareholder
					Status of shares	Number of shares	
Taiping Asset Management – China Merchants Bank – Taiping Asset Quantification No. 17 Asset Management Product (太平資產量化17號資產產品)	+13,593,881	13,593,881	0.44	0	Unknown		Other
Industrial and Commercial Bank of China Limited-Caitong Value Momentum Hybrid Securities Investment Fund (財通價值動量混合型證券投資基金)	+9,036,869	9,036,869	0.29	0	Unknown		Other
Industrial and Commercial Bank of China Limited-Haifutong Reform Driven Flexible Allocation Hybrid Securities Investment Fund (海富通改革驅動靈活配置混合型證券投資基金)	+8,906,005	8,906,005	0.29	0	Unknown		Other
Dacheng Fund –Agricultural Bank– Dacheng China Securities and Financial Assets Management Program (大成基金－農業銀行－大成中證金融資產管理計劃)	0	8,480,400	0.27	0	Unknown		Other
GF Fund – Agricultural Bank – GF China Securities and Financial Assets Management Program (廣發基金－農業銀行－廣發中證金融資產管理計劃)	0	8,480,400	0.27	0	Unknown		Other
China Southern Fund –Agricultural Bank– China Southern China Securities and Financial Assets Management Program (南方基金－農業銀行－南方中證金融資產管理計劃)	0	8,480,400	0.27	0	Unknown		Other

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

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

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

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

Name of shareholder	Number of tradable shares held not subject to trading moratorium	Class and number of shares	
		Class of shares	Number
Dongfang Electric Corporation	974,016,763	RMB ordinary shares	974,016,763
Hong Kong Securities Clearing Company Limited	337,898,369	Overseas-listed foreign shares	337,898,369
Basic pension insurance fund 802 portfolio (基本養老保險基金八零二組合)	16,544,758	RMB ordinary shares	16,544,758
Bank of China Limited – Taida Hongli Transformation Opportunity Equity Securities Investment Fund (泰達宏利轉型機遇股票型證券投資基金)	16,390,326	RMB ordinary shares	16,390,326
National Social Security Fund 113 Portfolio (全國社保基金一一三組合)	14,082,612	RMB ordinary shares	14,082,612
Guoshou Pension Strategy No. 4 Stock-based Pension Product (國壽養老策略4號股票型養老金產品) – Industrial and Commercial Bank of China Limited	13,727,956	RMB ordinary shares	13,727,956
Taiping Asset Management – China Merchants Bank – Taiping Asset Quantification No. 17 Asset Management Product (太平資產量化17號資管產品)	13,593,881	RMB ordinary shares	13,593,881
Industrial and Commercial Bank of China Limited – Caitong Value Momentum Hybrid Securities Investment Fund (財通價值動量混合型證券投資基金)	9,036,869	RMB ordinary shares	9,036,869
Industrial and Commercial Bank of China Limited – Haifutong Reform Driven Flexible Allocation Hybrid Securities Investment Fund (海富通改革驅動靈活配置混合型證券投資基金)	8,906,005	RMB ordinary shares	8,906,005
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
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
Explanation on the special repurchase accounts under the top ten shareholders	Nil		
Explanation on the voting rights entrusted by or to, or waived by the above shareholders	Nil		
Explanation on the connected relationship or concerted actions among the aforesaid shareholders	The Company is not aware of any connected relationship or concerted actions among the top ten shareholders and top ten holders of tradable shares		
Explanation on holders of preference shares with restored voting rights and number of shares held	Nil		

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

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

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

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

Unit: share

No.	Name of holders of shares subject to trading moratorium	Number of shares held subject to trading moratorium	Shares subject to trading moratorium available for listing and trading		Trading moratorium
			Time available for listing and trading	Number of additional shares available for listing and trading	
1	Dongfang Electric Corporation	753,903,063	See Note 1	0	See Note 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 Note 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 Note 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 Note 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 Note 2
6	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 Note 2
7	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 Note 2
8	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 Note 2
9	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 Note 2
10	Zeng Xianmao	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 Note 2

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

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

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

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

Shareholdings of the top ten shareholders subject to trading moratorium and trading moratorium (Continued)

- Notes:*
1. The shares of Dongfang Electric which were subscribed for with the target assets owned by Dongfang Electric Corporation shall not be transferred in any way within 36 months from their listing date, i.e. 12 June 2018. If the closing price of Dongfang Electric shares for 20 consecutive trading days is lower than the issue price of this transaction within 6 months from the listing of new shares in this transaction, or if the closing price as at the end of the six-month period after the completion of this transaction is lower than the issue price of this transaction, the lock-up period of Dongfang Electric shares obtained by the Company in this transaction will be automatically extended for 6 months from the original lock-up period.
 2. The above nine individual shareholders are the participants of the Restricted A Share Incentive Scheme of the Company. For the details of the conditions for unlocking of the restricted shares, please refer to the Restricted A Share Incentive Scheme for 2019 (Draft Amendment) of Dongfang Electric Corporation Limited published by the Company on the website of Shanghai Stock Exchange (<http://www.sse.com.cn>) on 28 September 2019
 3. The trading of the first tranche of unlocked shares under the First Grant under the Restricted A Share Incentive Scheme for 2019 of the Company commenced on 9 January 2022, and 50,000 Shares held by Gong Dan was unlocked, 50,000 Shares held by Gao Feng was unlocked, 25,000 Shares held by Wang Weimin was unlocked, 25,000 Shares held by Hu Xiukui was unlocked, 25,000 Shares held by Liu Hui was unlocked, 25,000 Shares held by He Jianhua was unlocked, 25,000 Shares held by Wu Jiandong was unlocked, 25,000 Shares held by Chen Qiang was unlocked, and 25,000 Shares held by Zeng Xianmao was unlocked.

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

III. INFORMATION OF CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER

(I) Information of Controlling Shareholder

1. Legal person

Name	Dongfang Electric Corporation
Person in charge of the company or legal representative	Yu Peigen
Date of establishment	6 November 1984
Principal business	Operation of state-owned assets within the scope as authorized by the State-owned Assets Supervision and Administration Commission of the State Council, and related investment business; operation and management of the assets of invested companies and directly affiliated enterprises; general equipment manufacturing; special equipment manufacturing; transportation equipment manufacturing; electrical machinery and equipment manufacturing; communication equipment, computer and other electronic equipment manufacturing; instrumentation, cultural and office machinery manufacturing; electricity and heat generation and supply; gas production and supply; water production and supply; housing and civil engineering construction; construction and installation; other construction; road transportation; urban public transportation; computer service; software; wholesale; other financial activities; real estate; house leasing; education; polysilicon; chemical raw materials and chemical products; business services; research and experimental development; professional technical services; technology exchange and promotion service; environmental management; general contracting for domestic and foreign projects; international trade. (The above business scope does not cover legitimate projects that require pre-approval or permission in accordance with the laws, regulations and the State Council's decisions).
Equity interests in other controlled and invested companies whose shares were listed in the PRC or overseas during the Reporting Period	Stock account under the Controlling Shareholder of the Group also held shares of the following listed companies as at the end of 2022:

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

Other explanation

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

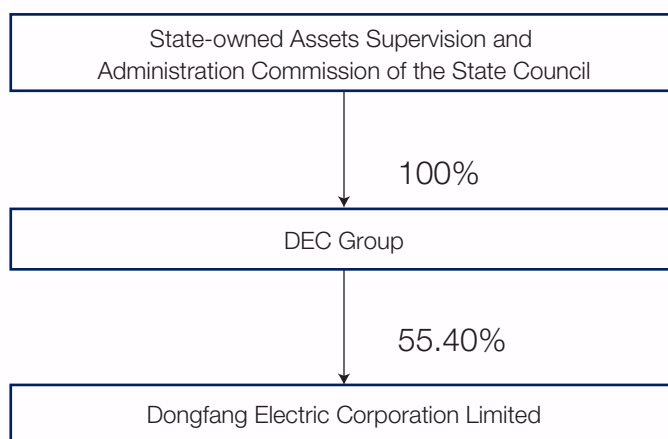
III. INFORMATION OF CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER (CONTINUED)

(II) Information of De Facto Controller

1. Legal person

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

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



CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

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

(III) INTERESTS OF SUBSTANTIAL SHAREHOLDERS

To the best knowledge of the Directors, as of 31 December 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 (defined in the Hong Kong Securities and Futures Ordinance) of the Company, whose interests were as follows:

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

(L) – Long position

Notes:

1. Dongfang Electric Corporation held 100% of interests in Dongfang Electric (HongKong) Limited, therefore, Dongfang Electric Corporation was deemed to own the interests in such H shares held by Dongfang Electric (Hong Kong) Limited pursuant to the Hong Kong Securities and Futures Ordinance.
2. The above interests held by Dongfang Electric Corporation reflected its latest disclosure of interests of substantial Shareholder under the Hong Kong Securities and Futures Ordinance.
3. The above percentage of total share capital and the percentage in the respective class of share capital were calculated on the basis of total share capital and respective class of share capital of the Company as at 31 December 2022.

Save as disclosed above, as at 31 December 2022, the Company did not record other interests (including derivative interests) or short positions in the register required to be kept pursuant to Section 336 of the Hong Kong Securities and Futures Ordinance.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION

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

Unit: share

Name	Position (Note)	Gender	Age	Commencement of term of office	Expiry of term of office	Number of share held at the beginning of the year	Number of shares held at the end of the year	Number of shares changed during the year	Reasons for change	Total remuneration received from the Company in Reporting Period (RMB'000)	Whether get payment from related parties
Yu Peigen	Chairman	Male	60	29 June 2021	28 June 2024	0	0	0			Yes
Song Zhiyuan	Director	Male	58	24 February 2023	28 June 2024	0	0	0			Yes
Liu Zhiqian	Director, chief accountant	Male	54	30 March 2022	28 June 2024	0	0	0			Yes
Zhang Jilie	Director, senior vice president	Male	59	30 June 2022	28 June 2024	0	0	0			Yes
Zhang Yanjun	Director, senior vice president	Male	52	29 June 2021	28 June 2024	0	0	0			Yes
Liu Dengqing	Independent Director	Male	52	29 June 2021	28 June 2024	0	0	0		11.60	No
Huang Feng	Independent Director	Male	66	29 June 2021	28 June 2024	0	0	0		11.60	No
Ma Yongqiang	Independent Director	Male	47	29 June 2021	28 June 2024	0	0	0		10.10	No
Wang Zhiwen	Supervisor	Male	55	29 June 2021	28 June 2024	0	0	0		66.38	No
Hu Weidong	Supervisor	Male	54	30 June 2022	28 June 2024	0	0	0			Yes
Liang Shuo	Supervisor	Female	52	30 March 2023	28 June 2024	30,000	20,000	-10,000	Holding reduction through centralized bidding transactions	67.23	No
Li Zhongjun	Senior vice president	Male	50	14 September 2022	28 June 2024	0	0	0			Yes
Gao Feng	Vice president	Male	58	29 June 2021	28 June 2024	150,000	120,500	-29,500	Holding reduction through centralized bidding transactions	92.94	No

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

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

Name	Position (Note)	Gender	Age	Commencement of term of office	Expiry of term of office	Number of share held at the beginning of the year	Number of shares held at the end of the year	Number of shares changed during the year	Reasons for change	Total remuneration received from the Company in Reporting Period (RMB'000)	Whether get payment from related parties
Wang Weimin	Vice president	Male	59	29 June 2021	28 June 2024	75,000	67,000	-8,000	Holding reduction through centralized bidding transactions	87.98	No
Hu Xiukui	Vice president	Male	55	5 July 2021	28 June 2024	75,000	67,000	-8,000	Holding reduction through centralized bidding transactions	64.64	No
Feng Yong	Secretary to the Board	Male	55	13 March 2023	28 June 2024	0	0	0		66.68	No
Total	/	/	/	/	/	330,000	274,500	-55,500	/	479.15	/

- Note:*
1. Xu Peng, former Director and president of the Company, resigned in February 2023. During the Reporting Period, Xu Peng did not hold any shares of the Company and did not receive any emolument from the Company.
 2. Gong Dan, the former secretary of the Board of the Company, resigned in March 2023. At the beginning of the Reporting Period, he held 152,540 shares of the Company, and at the end of the Reporting Period, he held 121,540 shares of the Company. During the Reporting Period, he reduced his holdings by 31,000 shares through centralized bidding transactions; Gong Dan received a salary of RMB927,100 (before tax) during the Reporting Period.
 3. Liang Shuo, current Supervisor of the Company, was not a Director, Supervisor, or senior management of the Company during 2022. His holdings and trading of the shares of the Company during the Reporting Period are not subject to the "Management Rules for the Shares and Changes of Directors, Supervisors, and Senior Management of Listed Companies" and other regulations.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

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

Explanations on other matters

Save as disclosed above, none of the Directors, Supervisors and senior management of the Company or their respective associates was granted by the Company or its subsidiaries any right to acquire shares or debentures of the Company nor had they exercised any such right before 31 December 2022.

Save as disclosed above, as at 31 December 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 its associate corporations (within the meaning under Part XV of the Securities and Futures Ordinance), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (including interests or short positions which they were taken or deemed to have under such provisions of the Securities and Futures Ordinance); or which were required to be recorded in the register kept by the Company pursuant to section 352 of the Securities and Futures Ordinance; or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 to the Listing Rules ("Model Code") adopted by the Company.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

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

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

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

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

Name	Principal working experience
Song Zhiyuan	<p>Born in September 1964, is currently a Director of the Company, and director and deputy secretary of Party Leadership Group of Dongfang Electric Corporation. He graduated from Zhengzhou Grain College in grain engineering with a bachelor's degree in engineering; from March 1996 to September 1998, he participated in correspondence undergraduate studies in the field of Economic Management at the Liaoning Provincial Party School, and is a senior political engineer. He served successively as a staff member, deputy chief staff member of the education division, director of industry management division of the Liaoning Provincial Grain Bureau (遼寧省糧食局), and director of Liaoning Provincial Institute of Grain Science (遼寧省糧食科學研究所); the head of the general department of China Grain Reserves Shenyang Management Company (中國儲備糧瀋陽管理公司), the head of the general office, the deputy general manager, the member of the Party Leadership Group and the leader of the Discipline Inspection Group of the Party Leadership Group of China Grain Reserves Management Corporation (Shenyang Branch) (中國儲備糧管理總公司瀋陽分公司), the deputy general manager, a member of the Party Leadership Group, the leader of the Discipline Inspection Group of the Party Leadership Group, and the general manager of China Grain Reserves Management Corporation (Liaoning Branch) (中國儲備糧管理總公司遼寧分公司); the director of the sales and purchase planning department of China Grain Reserves Management Corporation; deputy general manager, a member of the Party Leadership Group of China Grain Reserves Management Corporation and chairman, secretary of the Party Committee, deputy secretary of Party Leadership Group, and deputy general manager of China Grain Storage Logistics Co., Ltd. (中儲糧物流有限公司); director and deputy secretary of Party Leadership Group of China Grain Reserves Management Corporation; a member and the secretary of the Committee directly under the CPC China Grain Reserves Management Group Co., Ltd. (中共中國儲備糧管理集團有限公司). Since October 2021, he has served as a director and the deputy secretary of the Party Leadership Group of Dongfang Electric Corporation (中國東方電氣集團有限公司). Since February 2023, he has concurrently served as a member and secretary of the Party Committee directly under the headquarters of Dongfang Electric Corporation, and served as a Director of the Company since February 2023.</p>

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

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

Name	Principal working experience
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Liu Zhiqian	Born in July 1968, is currently a Director and chief accountant of the Company, and a member of the Party Leader Group and chief accountant of Dongfang Electric Corporation. He graduated from the Department of Management Engineering at Harbin Institute of Technology in industrial accounting and obtained a bachelor's degree in engineering; graduated from the School of Management of Harbin Institute of Technology in business administration with a master's degree in engineering; graduated from the School of Management of Harbin Institute of Technology with a doctor's degree in management, majoring in technology economy and management. He successively served as the deputy head, head of finance division, deputy chief accountant and head of planning and finance division and director of accounting settlement center of Harbin Boiler Company Limited (哈爾濱鍋爐廠有限責任公司); deputy general manager, deputy chief accountant of Harbin Boiler Company Limited (哈爾濱鍋爐廠有限責任公司); deputy general manager and director of the fund settlement center of Harbin Electric Company Limited (哈爾濱電氣股份有限公司); chief financial officer and general manager assistant of Harbin Electric Group, vice president of Harbin Electric Company Limited, chairman of HE Finance Company Limited, and chairman of Chengdu Sanliya China Ceramics Co., Ltd. (成都三利亞中瓷有限責任公司); chief accountant, financial director, and general manager assistant of Harbin Electric Group. He has served as a member of the Party Leader Group of Dongfang Electric Corporation (中國東方電氣集團有限公司) since February 2022, chief accountant of DEC Group since March 2022, chief accountant of the Company since March 2022, and a Director of the Company since May 2022.
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DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

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

Name	Principal working experience
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Zhang Jilie	<p>Born in August 1963, is currently a Director and senior vice president of the Company, deputy general manager and a member of the Party Leadership Group of Dongfang Electric Corporation. He served as the chairman of the Supervisory Committee of the Company from January to May 2022. He graduated from Wuhan Polytechnic University in mechanical industry management engineering with a bachelor's degree in engineering, and graduated from Southwest Jiaotong University in business administration with a master's degree in business administration. He is a senior economist and corporate law consultant. He successively served as deputy director and director of the General Manager's Office, production director, and general manager assistant of Dongfang Electric Machinery Company Limited (東方電機股份有限公司); chairman of the board, general manager and secretary to Party Branch Committee of DFEM Control Equipment Company Limited (東方電機控制設備有限公司); deputy factory head and executive deputy factory manager of DFEW (東方電機廠); assistant to general manager and head of the corporate management department (during which he temporarily worked as a member of the Standing Committee and Deputy Governor of Honghe Prefecture, Yunnan Province), secretary of the board and general legal advisor of Dongfang Electric Corporation. He has served as a member of the Party Leadership Group of Dongfang Electric Corporation since August 2017, and has served as deputy general manager of Dongfang Electric Corporation since September 2017. He served as a Director of the Company from October 2007 to September 2018, a senior vice president of the Company from March 2018 to September 2018, chairman of the Supervisory Committee of the Company from September 2018 to May 2022. He has served as a Director and senior vice president of the Company since June 2022.</p>
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DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

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

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

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

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

Name	Principal working experience
Liu Dengqing	<p>Born in November 1970, has been an independent non-executive Director of the Company since 29 June 2018, is a PhD degree holder in management. He had successively served China Enterprise Appraisals Consultation Co., Ltd as the chief appraiser, the vice president and chief appraiser, the senior vice president and chief appraiser, the president and chief executive officer, the secretary of the Party branch as well as the president and chief executive officer. In particular, Mr. Liu served as a member of the tenth and eleventh Issuance Verification Committee of the China Securities Regulatory Commission ("CSRC") from May 2008 to May 2010, and a member of the fourth and fifth Merger and Reorganization Committee of CSRC from May 2012 to May 2016. He is currently an executive director of China Appraisal Society, the vice chairman of Beijing Assets Appraisal Association (北京資產評估協會). From July 2020 to January 2023, Mr. Liu served as a member of the first GEM Listing Committee of Shenzhen Stock Exchange and a member of the Merger and Reorganization Committee. He is currently a member of the Party Committee of Beijing Certified Public Accountants' Assets Appraisal Industry (北京註冊會計師資產評估行業), an executive director of China Appraisal Society, and the vice chairman of Chinese Association of Mineral Resources Appraisers (中國礦業權評估師協會). He is currently an independent director of BetterLife Holding Limited (百得利控股有限公司) and Huachuang Yang'an Co., Ltd. (華創陽安股份有限公司).</p>
Huang Feng	<p>Born in June 1956, has been an independent non-executive Director of the Company since 29 June 2021. He graduated from the Department of Electrical Engineering of Tsinghua University First Branch with a bachelor degree; he is a professor-level senior engineer. He has successively served as the engineer, deputy head and head of the power division of energy project department of China International Engineering Consulting Corporation* (中國國際工程諮詢有限公司); the deputy director and director of energy project department of China International Engineering Consulting Corporation*; the general manager assistant and concurrently the director of energy business department of China International Engineering Consulting Corporation* from 2008 to 2010; a member of the Party group and the deputy general manager of China International Engineering Consulting Corporation* and concurrently the deputy director of the Expert Academic Committee of the company from 2011 to 2016. He has served as the deputy director of the Expert Academic Committee of China International Engineering Consulting Corporation* since 2017. He is currently the chairman of the Study Committee of Energy System of Chinese Society for Electrical Engineering, a member of Strategy and Management Advisory Committee of China National Nuclear Corporation (中國核工業集團公司), a member of expert committee of China Southern Power Grid Co., Ltd. (中國南方電網有限公司), a member of expert committee of the southwestern energy research center of Tsinghua University, and a member of expert committee of nuclear of China Energy Research Council. He is currently the independent director of China Yangtze Power Co., Ltd. (中國長江電力股份有限公司).</p>

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

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

Name	Principal working experience
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Ma Yongqiang	Born in October 1975, has been an independent non-executive Director of the Company since 29 June 2021. He holds a master's degree, and is a doctor and professor in accountant and a doctoral supervisor. He engaged in the postdoctoral research work at the Postdoctoral Studies Centre of Renmin University of China and the Postdoctoral Studies Centre of Shenzhen Stock Exchange from July 2004 to August 2006; he has been working at the School of Accounting of Southwestern University of Finance and Economics since September 2006; he served as the independent director of Sichuan Guangan AAA Public Co., Ltd.* (四川廣安愛眾股份有限公司) from October 2010 to September 2014, and the independent director of Chengdu Santai Holding Group Co., Ltd.* (成都三泰控股集團股份有限公司) from March 2012 to December 2015; he served as the independent director of Sichuan Zhongguang Lightning Protection Technologies Co., Ltd.* (四川中光防雷科技股份有限公司) from November 2013 to November 2016; he served as the independent director and the chairman of the Audit Committee of Harbin Bank Co., Ltd.* (哈爾濱銀行股份有限公司) from June 2012 to December 2015 and from July 2018 to February 2021, respectively. He is currently the independent director of Sichuan Development Lomon Company Limited* (四川發展龍蟒股份有限公司) and Sichuan Swellfun Co. Ltd.* (四川水井坊股份有限公司).
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DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

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

Name	Principal working experience
Wang Zhiwen	<p>Born in February 1967, is currently a Supervisor of the Company, employee supervisor and head of the corporate governance department of the Company, general legal advisor, chief compliance officer, and head of the corporate governance department of Dongfang Electric Corporation. He graduated from the School of Energy and Power Engineering of Xi'an Jiaotong University with a bachelor's degree in thermal energy engineering (boiler) and from Sichuan University with a master's degree in law; he is a senior engineer and corporate law consultant. He successively served as the deputy head of the corporate management department, the deputy head of the legal affairs department, the head of the legal and audit department, the head of the corporate management and legal affairs department, the head of the corporate management department/legal affairs department and the head of the legal and risk control department of Dongfang Electric Corporation. He has served as the general legal advisor of Dongfang Electric Corporation since April 2022. He has served as the chief compliance officer and the head of the corporate governance department of Dongfang Electric Corporation since December 2022. He has served as a supervisor of Dongfang Electric Corporation Limited since November 2019, has served as employee supervisor of the Company since May 2021, and has served the head of the corporate governance department since December 2022.</p>
Hu Weidong	<p>Born in September 1968, is currently as a Supervisor of the Company, the chairman and general manager of DEC Investment Management Co., Ltd. (東方電氣投資管理有限公司). He graduated from the Heat Power Engineering Department of Chongqing University, majoring in power plant thermal engineering with a bachelor's degree in engineering and from the Heat Power Engineering Department of Chongqing University, majoring in thermal power engineering with a master's degree in engineering; he is a senior engineer. He successively served as the deputy director of the Maintenance Room and chief design engineer of the Complete Design Institute, the assistant to the head of marketing department and the director of project office of Dongfang Electric Corporation (中國東方電氣集團公司), the manager of electromechanical business department and the deputy general manager of Sichuan (DEC) Electric Equipment United Company (四川東方電力設備聯合公司); the deputy general manager and a member of the Party Committee of DEC International Cooperation Limited (東方電氣集團國際合作有限公司); and the secretary of the Party Committee, an executive director and the general manager of DEC Investment Management Co., Ltd. (東方電氣投資管理有限公司). He has served as the chairman and general manager of DEC Investment Management Co., Ltd. (東方電氣投資管理有限公司) since December 2019 to date; and a Supervisor of the Company since May 2022.</p>

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

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

Name	Principal working experience
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Liang Shuo	Born in December 1970, is currently a Supervisor of the Company, deputy director of the audit and supervision department, deputy director of the audit center, deputy director of the office of the Supervisory Committee of the Company, and director of the audit and supervision department of Dongfang Electric Corporation. She graduated from the School of Network Education at Southwest Jiaotong University in accounting; a senior accountant. She successively served as the assistant director of the audit office, deputy director, director and secretary of Party branch of the audit department, deputy director of the factory management department, deputy director of the retired employee management department, director of enterprise management department and the secretary of Party branch of the enterprise management strategy department (Joint), director of legal affairs department, director of finance department, and the secretary of Party branch of the financial budget department (Joint) of Dongfang Boiler. Since October 2020, she has been serving as the deputy head of the audit and supervision department of Dongfang Electric Corporation. Since August 2021, she has been serving as the deputy head of the audit and supervision department, deputy director of audit center and deputy director of the office of Supervisory Committee of the Company. She has served as a Supervisor of the Company since March 2023.
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DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

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

Name	Principal working experience
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Li Zhongjun	Born in June 1972, is currently a senior vice president of the Company, deputy general manager and a member of Party Leadership Group of Dongfang Electric Corporation. He graduated from School of Economics, Renmin University of China with a bachelor's degree in economics; graduated from the East Europe and Central Asia Institute of Renmin University of China with a master's degree in economics. He successively served as the assistant manager, deputy manager of securities investment department, the deputy manager of financing department, the deputy director and director of financing department of GD Power Development Co., Ltd.; the deputy general manager, secretary of the board of directors, a member of the Party Leadership Group of GD Power Development Co., Ltd.; an executive director, the general manager and a deputy secretary of the Party Committee of Guodian Anhui Power Co., Ltd.; the secretary of the Party Committee and the chairman of the board of directors (legal representative) of Shenwan Energy Company Limited; the chairman (legal representative) and the secretary of the Party Committee of Guoneng Shenwan Energy Company; the secretary of the Party Committee and the chairman (legal representative) of China Longyuan Power Group Corporation Limited. He has been the deputy general manager and a member of the Party Leadership Group of Dongfang Electric Corporation since July 2022, and has been a senior vice president of Dongfang Electric Corporation Limited since September 2022.
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Gao Feng	Born in January 1964, is currently the vice president of the Company. He graduated from Electrical Engineering Department of University of Chongqing where he majored in electric machinery and obtained a bachelor degree of engineering. He obtained an MBA degree from Southwest Jiaotong University majoring in business management; he is a senior engineer. He successively served as the deputy chief economist of DFEW and general manager of Dongfang Electrical Appliance Company (東電電器公司); assistant to general manager, executive director and deputy general manager of Dongfang Electric Machinery Company Limited; assistant to general manager and general manager of Nuclear Power Division of Dongfang Electric Corporation; assistant to president and general manager of Nuclear Power Division of Dongfang Electric Corporation Limited. He has been vice president of the Company since June 2010.
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DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

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

Name	Principal working experience
Wang Weimin	<p>Born in May 1963, is currently the vice president of the Company, and assistant to general manager of Dongfang Electric Corporation. Mr. Wang graduated from Department One of School of Power Mechanical Engineering of Xi'an Jiaotong University as a thermal turbo machinery major and obtained a bachelor degree in engineering; graduated from University of Electronic Science and Technology of China as a business administration major and obtained a master's degree in business administration; graduated from Xi'an Jiaotong University as a mechanical engineering major and obtained a doctorate degree in engineering; and a senior engineer. Mr. Wang successively served as a deputy director of designing department, deputy chief engineer, chief engineer and a member of the standing committee of the Party Committee in Dongfang Turbine Plant (東方汽輪機廠); a deputy general manager, chief engineer and a member of the standing committee of the Party Committee in Dongfang Turbine Co., Ltd.; the director of the Central Research Institute and the Party Committee secretary (assistant to the general manager of group company) of Dongfang Electric Corporation; the director of the Central Research Institute Dongfang Electric Corporation Limited; the Party Committee secretary, an executive director and the general manager of DEC Academy of Science and Technology Co., Ltd; the director of the Laboratory for Energy Equipment and Industrial Control Network Security Engineering of Dongfang Electric Co., Ltd. Since January 2020, Mr. Wang has served as the assistant to the general manager of Dongfang Electric Corporation served as a vice president of the Company since November 2020.</p>
Hu Xiukui	<p>Born in October 1967, is currently a vice president of the Company. Mr. Hu graduated from the School of Energy and Power Engineering of Xi'an Jiaotong University with a bachelor's degree in thermal energy engineering, and is a senior engineer. He has successively served as the deputy director, director of the Design Division, deputy chief engineer, assistant to general manager of Dongfang Boiler (Group) Co., Ltd.; deputy general manager of Dongfang Boiler (Group) Co., Ltd.; general manager, deputy secretary of the Party Committee, the secretary of the Party Committee, chairman of the board of directors of DEC Dongfang Boiler Group Co., Ltd., head of Dongfang Boiler Factory, the general manager of the environmental protection division of Dongfang Electric Corporation Limited. He has served as a vice president of the Company since June 2021.</p>

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

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

Name	Principal working experience
Feng Yong	<p>Born in March 1967, is currently the secretary of the Board, director of the audit and supervision department, and director of the audit center of the Company, the secretary of the board of directors, chief auditor, and director of the audit and supervision department of Dongfang Electric Corporation. He graduated from Chengdu University of Technology with a bachelor's degree in accounting, and graduated from Southwest Jiaotong University (National University of South Australia, Australia) with a master's degree in business administration; a senior accountant. Mr. Feng successively served as the head of finance department of Dongfang Electrical Machinery (東方電機廠); the deputy head of asset and finance department of Dongfang Electric Corporation; the head of finance department of Dongfang Electric Corporation Limited; the head of asset and finance department of Dongfang Electric Corporation; a director, and general manager of Dongfang Electric Finance Co., Ltd (東方電氣集團財務有限公司). He has served as the head of the audit and supervision department of Dongfang Electric Corporation since November 2019 and the chief auditor of Dongfang Electric Corporation since April 2022. He was successively a Supervisor, chairman of the Supervisory Committee of the Company from September 2019 to March 2023; has served as the director of the office of the Supervisory Committee of the Company from April 2020 to March 2023; the head of the audit and supervision department of the Company since November 2019; the director of the audit centre of the Company since August 2021; secretary of the board of directors of Dongfang Electric Corporation and secretary of the Board of the Company since March 2023.</p>

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

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

Unit: share

Name	Position	Number of restricted Shares held at the beginning of the year	Number of new restricted Shares granted during the Reporting Period	Grant price of restricted Shares (Yuan)	Locked Shares	Unlocked Shares	Number of restricted Shares held at the end of the period	Market price at the end of the Reporting Period (Yuan)
Gong Dan	Secretary to the Board	150,000	0	5.93	50,000	100,000	100,000	21.02
Gao Feng	Vice President	150,000	0	5.93	50,000	100,000	100,000	21.02
Wang Weimin	Vice President	75,000	0	5.93	25,000	50,000	50,000	21.02
Hu Xiukui	Vice President	75,000	0	5.93	25,000	50,000	50,000	21.02
Total	/	450,000	0	/	150,000	300,000	300,000	/

Note: 1. The trading of the second tranche of unlocked shares under the First Grant under the Restricted A Share Incentive Scheme for 2019 of the Company commenced on 9 January 2023, and 50,000 A Shares held by Gong Dan was unlocked, 50,000 A Shares held by Gao Feng was unlocked, 25,000 A Shares held by Wang Weimin was unlocked, and 25,000 A Shares held by Hu Xiukui was unlocked.

2. Gong Dan has resigned as the secretary of the Board of the Company in March 2023.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

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

(I) Positions held in shareholders entities

Name	Name of shareholders entities	Positions held in shareholders entities	Commencement of term of office	Expiry of term of office
Yu Peigen	Dongfang Electric Corporation	Secretary of the Party Committee, Chairman of the Board of Directors	Serving as the Secretary of the Party Committee, Chairman of the Board of Directors since April 2021	
Song Zhiyuan	Dongfang Electric Corporation	Director, Deputy Secretary of Party Leadership Group	October 2021	
Liu Zhiqian	Dongfang Electric Corporation	Member of Party Leadership Group, Chief Accountant	Serving as a Member of Party Leadership Group since February 2022; as Chief Accountant since March 2022	
Zhang Jilie	Dongfang Electric Corporation	Member of Party Leadership Group, Deputy General Manager	Serving as a Member of Party Leadership Group since August 2017; as Deputy General Manager since September 2017	No longer serving as Chief Law Consultant from April 2022
Zhang Yanjun	Dongfang Electric Corporation	Member of Party Leadership Group, Deputy General Manager	Serving as a Member of Party Leadership Group since December 2020; as Deputy General Manager since January 2021	
Li Zhongjun	Dongfang Electric Corporation	Member of Party Leadership Group, Deputy General Manager	Serving as a Member of Party Leadership Group and Deputy General Manager since July 2022	
Wang Weimin	Dongfang Electric Corporation	Assistant to General Manager	Serving as Assistant to General Manager since January 2020	
Wang Zhiwen	Dongfang Electric Corporation	Chief Law Consultant, Chief Compliance Officer, Head of the Legal Risk Control Department	Serving as Head of the Legal Risk Control Department since November 2019; as Chief Law Consultant since April 2022; as Chief Compliance Officer since December 2022	

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

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

(I) Positions held in shareholders entities (Continued)

Name	Name of shareholders entities	Positions held in shareholders entities	Commencement of term of office	Expiry of term of office
Feng Yong	Dongfang Electric Corporation	Secretary of the Board of Directors, Chief Auditor, Director of Audit and Supervision Department	Serving as Secretary of the Board of Directors since March 2023; as Director of Audit and Supervision Department since November 2019; as Chief Auditor since April 2022	
Liang Shuo	Dongfang Electric Corporation	Deputy Director of the Audit and Supervision Department	October 2020	
Explanations on particulars of positions held in shareholders entities	<ol style="list-style-type: none"> For the commencing date of the above person's positions held in shareholders entities, please refer to preceding detailed biographies of Directors, Supervisors and senior management. The independent directors are of the view that, during the Reporting Period, the senior management of the Company who worked part-time at the controlling shareholder were diligent and responsible, properly managed the relationship between the Company and the controlling shareholder and safeguarded the interests of all shareholders, and no acts were found to be detrimental to the interests of the listed company and its minority shareholders as a result of the part-time employment arrangement. Xu Peng, former director and president of the Company, resigned on 3 February 2023. He served as a director and deputy secretary of Party Leadership Group of Dongfang Electric Corporation from August 2021 to February 2023, and as the general manager of Dongfang Electric Corporation from September 2021 to February 2023. Gong Dan, former secretary of the Board of the Company, resigned in March 2023. He served as the secretary of the board of directors of Dongfang Electric Corporation from December 2021 to March 2023. 			

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

II. REMUNERATIONS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Decision-making procedures for the remuneration of Directors, Supervisors and senior management	Remuneration of Directors and Supervisors (not employee Supervisors) of the Company is considered and determined by the general meeting. That of senior management is determined by the Board of the Company.
Basis of determination for the remuneration of Directors, Supervisors and senior management	Remuneration of Directors, Supervisors and senior management of the Company is determined based on the operating performance, job responsibilities and the results of annual performance.
Remuneration payable to Directors, Supervisors and senior management	Please refer to "Particulars about changes in the shareholding and remuneration of existing Directors, Supervisors and senior management during the Reporting Period" for details.
Total remuneration actually paid to Directors, Supervisors and senior management as at the end of the Reporting Period	During the Reporting Period, there were a total of 16 incumbent Directors, Supervisors and members of senior management. The remuneration actually received by 3 independent Directors, 2 supervisors and 4 senior management of the Company was RMB5,046,300 (before tax) in total during the Reporting Period.

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

Name	Position	Change situation	Reasons for changes
Song Zhiyuan	Director	Elected	
Liu Zhiquan	Director	Elected	
Liu Zhiquan	Chief accountant	Appointed	
Zhang Jilie	Supervisor	Resigned	Job reallocation
Zhang Jilie	Director	Elected	
Li Zhongjun	Senior vice president	Appointed	
Feng Yong	Supervisor	Resigned	
Feng Yong	Secretary of the Board	Appointed	
Liang Shuo	Supervisor	Elected	
Xu Peng	Director, president	Resigned	Job reallocation
Gong Dan	Secretary of the Board	Resigned	Retirement

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

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

Nil

V. EMPLOYEES OF THE COMPANY AND PRINCIPAL SUBSIDIARIES

(I) Information on employees

	2022
The number of employees on register of the Company	404
The number of employees on register of principal subsidiaries	17,059
Total	17,463
The number of retired employees whose expenses shall be assumed by the Company and principal subsidiaries	16,912

Professional composition

Category of professional structure	Number of professional structure
Production	6,875
Sales	796
Technical	5,802
Financial	437
Administrative	3,553
Total	17,463

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

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

(I) Information on employees (Continued)

Background education

Category of background education	Number (person)
Master degree and above	2,241
Bachelor degree	7,695
Tertiary degree	3,756
Technical secondary and below	3,771
Total	17,463

(II) Number of Employees and Remuneration

During the Reporting Period, the average number of employees at the Company was 17,155, and the average number of labor dispatch personnel was 772. The total amount of remuneration paid to the employees during the year was RMB3,063.15 million, and the total amount of remuneration paid to the labor dispatch personnel during the year was RMB73.91 million.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

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

(III) Remuneration Policy

During the Reporting Period, the Company continued to improve the labor cost and total salary determination mechanism for “performance-linked, effectiveness-adjusted, efficiency-adjusted, and cycle-adjusted” based on the requirements of the “one adaptation, two linkage” salary determination mechanism. It comprehensively promoted the implementation of the assessment and allocation powers of the board of directors of enterprises, and issued the “Guidelines for the Implementation of the Assessment and Allocation Powers of the Board of Directors of Subsidiary Enterprises”, clarifying the workflow of performance assessment and compensation management for management team members, as well as the distribution rights of employee compensation. The Company and its affiliated enterprises conscientiously implemented the performance assessment and compensation management rights of management team members of the board of directors, as well as the distribution rights of employee compensation, and in accordance with the principle of prioritizing and distinguishing, promoted the implementation of the total salary filing system for the board of directors of three secondary enterprises. The Company fully promoted the tenure system and contractual management of management team members, achieving full coverage of the tenure system and contractual management of management team members at all levels of enterprises, and strictly implemented the rigid payment of the 2021 annual salary of enterprise management team members in accordance with the contract agreement, and promoted the assessment and distribution of the second term of the enterprise management team with stricter requirements, higher standards, and higher quality. The Company continued to promote the performance management of all employees, established the evaluation mechanism of differentiated distribution of enterprise employees’ remuneration, tailored the quantitative standard of differentiated distribution of remuneration for different enterprises, actively implemented middle and long term incentives, and tilted remuneration distribution to key core talents.

The remuneration of the senior management of the Company by bands for the year ended 31 December 2022 is set out below:

Bands <i>RMB</i>	Number of senior management	
	2022	2021
0 – 300,000	5*	4*
300,001 – 600,000	0	3
600,001 – 900,000	2*	2
900,001 – 1,200,000	2	0

* 3 senior management of the Company did not receive remuneration from the Company in 2021. 5 senior management of the Company did not receive remuneration from the Company in 2022. Feng Yong was resigned as the Supervisor of the Company on 13 March 2023.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

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

(IV) Training Programs

During the Reporting Period, the Company promoted the implementation of the strategy of strengthening the enterprise with talents and talents leadership. Based on the needs of high-quality development and talent team construction, the Company formulated and implemented the “six talent training projects” around the “three main lines” of value creation, serving scientific research and production, and accelerating employee growth, gradually and progressively carried out trainings for business management, professional technology, and skilled talents. The Company’s trainings cover areas such as enhancing independent research and development capabilities, expanding professional knowledge and business capabilities, safety production and occupational health, and are carried out in combination of internal and external training, and online and offline trainings. Training ways were continuously enriched to improve effectiveness and help employees improve their abilities and performance on an ongoing basis.

VI. OTHERS

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

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

(II) Directors’ and Supervisors’ Service Contracts

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

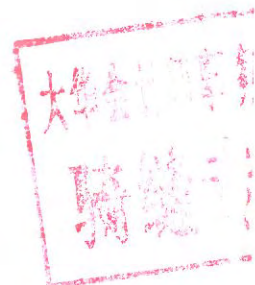
FINANCIAL REPORT



DONGFANG ELECTRIC CORPORATION LIMITED

AUDITORS' REPORT

D.H.S.Z.[2023]003205



Da Hua Certified Public Accountants (Special General Partnership)

DONGFANG ELECTRIC CORPORATION LIMITED
AUDITORS' REPORT AND FINANCIAL STATEMENTS

(From January 1, 2022 to December 31, 2022)

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Auditors' Report

D.H.S.Z.[2023]003205

All shareholders of Dongfang Electric Corporation Limited:

I.Opinion

We have audited the attached financial statements of Dongfang Electric Corporation Limited (hereinafter referred to as the "Company"), which comprise the consolidated balance sheet and the parent company's balance sheet as at December 31, 2022, the consolidated income statement and the parent company's income statement, the consolidated statement of cash flows and the parent company's statement of cash flows, and the consolidated statement of changes in shareholders' equity and the parent company's statement of changes in shareholders' equity for the year then ended, as well as notes to the relevant financial statements.

In our opinion, the financial statements attached are prepared in accordance with Accounting Standards for Business Enterprises and present fairly, in all material respects, the consolidated financial position of the Company and the parent company's financial position as at December 31, 2022 and the consolidated operating results and the parent company's operating results and cash flows for the year then ended.

II.Basis for Our Opinion

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

III.Key Audit Matters

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

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

(I) Revenue recognition

1. Key Audit Matters

For details of the accounting policies for revenue recognition, please refer to the accounting policies described in the Notes to the Financial Statements "III. Important Accounting Policies and Accounting Estimates" (33) and "V. Notes on Consolidated Financial Statements (Note 52)". For the year ended December 31, 2021, the operating revenue recognized by the Company amounted to RMB 553.53 billion. The occurrence and integrity of revenue may significantly influence the operating results of the Company; At the same time, the recognition of revenue according to the performance period involves significant management judgments and estimates, which may affect whether Dongfang Electric recognizes revenue in the appropriate accounting period according to the performance period. Therefore, we identified the relevant revenue recognition as a key audit matter.

2. Audit responses

Revenue recognition for our audit procedures implemented include:

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

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

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

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

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

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

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

IV. Other Information

The Management of the Company is responsible for other information. The other information comprises information of the 2022 annual report, but excludes the financial statements and our auditors' report.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Da Hua Certified Public Accountants (Special
General Partnership)



CPA of China:

Kui Zhang



CPA of China:

Chuansong Yin



March 31, 2023

Dongfang Electric Corporation Limited
Consolidated Balance Sheet
As at December 31, 2022

(Amounts are expressed in RMB unless otherwise stated)

Assets	Note 5	Balance as at December 31, 2022	Balance as at December 31, 2021
Current assets:			
Monetary funds	5.1	15,038,954,412.20	18,721,874,434.15
Balances with clearing companies			
Loans to banks and other financial institutions	5.2	30,000,000.00	2,331,536,400.00
Financial assets held for trading	5.3	1,031,815,888.77	1,466,444,004.12
Derivative financial assets			
Notes receivable	5.4	1,259,829,103.22	2,994,627,532.41
Accounts receivable	5.5	10,092,237,182.40	7,986,787,322.58
Receivables financing	5.6	1,553,557,305.66	1,342,379,048.57
Advances to suppliers	5.7	5,485,312,103.62	3,636,005,219.95
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance contract reserves receivable			
Other receivables	5.8	508,367,654.26	607,440,479.81
Financial assets purchased under resale agreements	5.9	1,390,000,000.00	2,827,514,000.00
Inventories	5.10	18,455,259,894.80	19,062,432,842.88
Contract assets	5.11	10,685,404,327.66	7,979,898,927.87
Assets held for sale			
Non-current assets maturing within one year	5.12	931,706,413.91	57,404,867.28
Other current assets	5.13	947,426,336.84	840,264,379.42
Total current assets		67,409,870,623.34	69,854,609,459.04
Non-current assets:			
Disbursement of loans and advances	5.14	4,548,783,922.30	3,240,998,518.16
Creditor's right investments	5.15	25,380,129,406.70	12,660,183,476.06
Other creditor's right investments			
Long-term receivables	5.16	175,090,435.83	552,276,661.97
Long-term equity investments	5.17	2,398,321,350.77	2,289,593,722.69
Other equity instrument investments	5.18	643,319,010.30	52,300,000.00
Other non-current financial assets			
Investment properties	5.19	148,621,837.35	157,660,075.01
Fixed assets	5.20	4,876,157,932.17	4,965,866,715.89
Construction in progress	5.21	375,883,613.38	286,478,771.81
Productive biological assets			
Oil and gas assets			
Right-of-use assets	5.22	297,189,745.62	231,326,102.07
Intangible assets	5.23	1,761,826,282.17	1,648,133,848.18
Development expenditures	5.24	5,250,961.72	4,270,168.76
Goodwill			
Long-term deferred expenses	5.25	2,184,738.06	2,267,046.54
Deferred income tax assets	5.26	3,143,255,183.92	3,140,003,311.70
Other non-current assets	5.27	4,099,175,423.76	4,018,605,426.45
Total non-current assets		47,855,189,844.05	33,249,963,845.29
Total assets		115,265,060,467.39	103,104,573,304.33

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

Enterprise Principal:

Accounting Principal:

Person in charge of the Accounting Department:

Dongfang Electric Corporation Limited
Consolidated Balance Sheet (Continued)
As at December 31, 2022

(Amounts are expressed in RMB unless otherwise stated)

Liabilities and the owners' equity	Note 5	Balance as at December 31, 2022	Balance as at December 31, 2021
Current liabilities:			
Short-term borrowings	5.28	103,235,027.02	41,830,000.00
Borrowings from central bank			
Loans from banks and other financial institutions			
Financial liabilities held for trading			
Derivative financial liabilities	5.29	2,725,701.24	
Notes payable	5.30	10,026,704,197.84	6,254,798,141.80
Accounts payable	5.31	17,349,894,192.01	13,959,367,074.05
Advances from customers			
Contract liabilities	5.32	32,191,795,772.36	30,404,986,962.19
Financial assets sold under repurchase agreements			
Absorption of deposits and interbank deposits	5.33	4,389,305,510.35	3,739,754,238.51
Receivings from vicariously traded securities			
Receivings from vicariously sold securities			
Employee compensation payable	5.34	842,346,003.01	785,747,202.80
Taxes and surcharges payable	5.35	330,959,977.79	440,915,873.31
Other payables	5.36	1,267,004,545.61	1,406,088,437.27
Handling charges and commissions payable			
Reinsurance accounts payable			
Liabilities held for sale			
Non-current liabilities maturing within one year	5.37	625,856,387.58	102,152,874.33
Other current liabilities	5.38	294,431,940.09	840,444,121.90
Total current liabilities		67,424,259,254.90	57,976,084,926.16
Non-current liabilities:			
Reserves for insurance contracts			
Long-term borrowings	5.39	951,113,407.87	1,565,091,967.96
Bonds payable			
Including: preferred stock			
Perpetual bond			
Lease liabilities	5.40	184,843,215.08	126,932,623.70
Long-term payables	5.41	240,000.00	240,000.00
Long-term employee compensation payable	5.42	1,047,826,935.57	978,695,570.03
Estimated liabilities	5.43	6,633,580,833.59	6,668,286,020.12
Deferred income	5.44	338,013,895.13	359,404,573.56
Deferred income tax liabilities	5.26	60,311,398.09	45,960,397.43
Other non-current liabilities			
Total non-current liabilities		9,215,929,685.33	9,744,611,152.80
Total liabilities		76,640,188,940.23	67,720,696,078.96
Owners' equity:			
Share capital	5.45	3,118,807,797.00	3,119,151,130.00
Other equity instruments			
Including: preferred stock			
Perpetual bond			
Capital reserves	5.46	11,644,956,621.11	11,443,491,813.08
Less: treasury stock	5.47	112,550,221.81	168,649,028.00
Other comprehensive income	5.48	262,952.31	-68,955,596.96
Special reserves	5.49	129,425,897.03	109,375,113.28
Surplus reserves	5.50	1,201,503,540.86	1,086,931,884.63
General risk reserves			
Undistributed profits	5.51	18,999,069,789.89	16,976,316,664.38
Total equity attributable to owners of the parent company		34,981,476,376.39	32,497,661,980.41
Minority equity		3,643,395,150.77	2,886,215,244.96
Total owners' equity		38,624,871,527.16	35,383,877,225.37
Total liabilities and owners' equity		115,265,060,467.39	103,104,573,304.33

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

Enterprise Principal: Accounting Principal: Person in charge of the Accounting Department:

Dongfang Electric Corporation Limited
Parent Company' Balance Sheet
As at December 31, 2022
(Amounts are expressed in RMB unless otherwise stated)

Assets	Note 15	Balance as at December 31, 2022	Balance as at December 31, 2021
Current assets:			
Monetary funds		8,293,786,594.85	6,239,742,130.22
Financial assets held for trading			
Derivative financial assets			
Notes receivable		7,869,350.00	9,526,346.00
Accounts receivable			
Receivables financing			6,059,297.96
Advances to suppliers	15.1	1,397,019,667.00	1,368,453,235.14
Other receivables		79,739,353.41	289,811,116.98
Inventories		5,684,755,314.43	5,681,690,140.30
Contract assets			
Assets held for sale			
Non-current assets maturing within one year			
Other current assets			
Total current assets	15.2	97,138,287.44	106,986,822.96
Non-current assets:			
Creditor's right investments		223,538,467.87	194,807,165.29
Other creditor's right investments		3,616,066,845.67	3,347,974,523.31
Long-term receivables			
Long-term equity investments			
Other equity instrument investments		84,366,011.93	129,785,589.69
Other non-current financial assets		19,484,279,892.60	17,374,836,367.85
Investment properties			
Fixed assets			
Current assets:			
Monetary funds			
Financial assets held for trading			
Derivative financial assets	15.3	23,224,124,927.41	22,782,012,839.24
Notes receivable			
Accounts receivable			
Receivables financing		7,865,376.22	8,978,736.48
Advances to suppliers		32,205,865.11	36,917,672.61
Construction in progress		62,280,888.60	32,761,875.52
Productive biological assets			
Oil and gas assets			
Right-of-use assets		67,034,227.03	134,068,454.06
Intangible assets		102,067,554.81	118,756,767.52
Development expenditures		3,419,811.33	3,419,811.33
Goodwill			
Long-term deferred expenses			
Deferred income tax assets		183,129,455.15	209,773,449.17
Other non-current assets		711,152,873.63	605,543,858.34
Total non-current assets		24,393,280,979.29	23,932,233,464.27
Total assets		43,877,560,871.89	41,307,069,832.12

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

Enterprise Principal:

Accounting Principal:

Person in charge of the Accounting Department:

Dongfang Electric Corporation Limited
Parent Company' Balance Sheet (Continued)
As at December 31, 2022

(Amounts are expressed in RMB unless otherwise stated)

Liabilities and the owners' equity	Balance as at December 31, 2022	Balance as at December 31, 2021
Current liabilities:		
Short-term borrowings		
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable		
Accounts payable		
Advances from customers	279,290,272.94	
Contract liabilities	5,867,866,455.79	3,031,954,935.89
Employee compensation payable		
Taxes and surcharges payable	11,136,673,236.10	12,156,294,054.82
Other payables		
Liabilities held for sale		
Non-current liabilities maturing within one year		
Other current liabilities		
Total current liabilities	48,365,317.28	38,476,134.58
Non-current liabilities:	7,367,247.79	3,690,594.10
Long-term borrowings	688,258,082.12	414,026,271.16
Bonds payable		
Including: preferred stock		
Perpetual bond	67,364,008.73	67,034,227.03
Lease liabilities		
Long-term payables	18,095,184,620.75	15,711,476,217.58
Long-term employee compensation payable		
Estimated liabilities		
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities		67,034,227.03
Total liabilities		
Owners' equity:	1,020,566.73	3,349,789.55
Share capital	342,057,722.59	575,836,011.32
Other equity instruments	14,157,562.50	14,007,025.05
Including: preferred stock		
Perpetual bond		
Capital reserves	357,235,851.82	660,227,052.95
Less: treasury stock	18,452,420,472.57	16,371,703,270.53
Other comprehensive income		
Special reserves	3,118,807,797.00	3,119,151,130.00
Surplus reserves		
Undistributed profits		
Total owners' equity		
Total liabilities and owners' equity	13,030,861,412.27	13,025,233,777.25
Liabilities and the owners' equity	112,550,221.81	168,649,028.00
Current liabilities:	475,130.32	475,169.83
Short-term borrowings		
Financial liabilities held for trading	1,489,880,919.90	1,375,309,263.67
Derivative financial liabilities		
Notes payable	7,897,665,361.64	7,583,846,248.84
Accounts payable	25,425,140,399.32	24,935,366,561.59
Advances from customers	43,877,560,871.89	41,307,069,832.12

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

Enterprise Principal:

Accounting Principal:

Person in charge of the Accounting Department:

Dongfang Electric Corporation Limited
Consolidated Income Statement Year 2022
(Amounts are expressed in RMB unless otherwise stated)

Item	Note 5	Year 2022	Year 2021
I. Total operating revenue	5.52	55,353,140,128.96	47,819,166,940.47
Including: operating revenue	5.52	54,179,060,388.71	46,755,975,362.02
Interest income	5.52	1,171,721,197.95	1,060,766,819.24
Premiums earned			
Income from handling charges and commissions	5.52	2,358,542.30	2,424,759.21
II. Total operating cost		52,452,269,609.69	45,419,182,973.91
Including: operating cost	5.52	45,244,939,114.25	38,669,905,112.14
Interest expenses	5.52	102,851,963.82	110,807,636.82
Handling charges and commissions expenses	5.52	1,431,949.73	1,474,526.03
Surrender value			
Net amount of compensation payout			
Net amount withdrawn for insurance contract reserves			
Policy dividend expenses			
Reinsurance costs			
Taxes and surcharges	5.53	325,820,061.43	240,038,558.46
Selling and distribution expenses	5.54	1,483,431,162.60	1,457,513,664.15
General and administrative expenses	5.55	3,116,971,392.44	2,789,577,618.34
Research and development expenditures	5.56	2,274,631,356.87	2,109,687,440.50
Financial expenses	5.57	-97,807,391.45	40,178,417.47
Including: interest expenses		79,420,015.61	33,518,711.96
Interest income		42,432,535.20	36,438,093.04
Plus: other income	5.58	150,750,295.09	133,941,228.05
Investment income ("-" for losses)	5.59	480,560,078.52	425,573,959.28
Including: income from investment in associates and joint ventures		301,765,196.11	279,625,882.45
Income from derecognition of financial assets measured at amortized cost			
Foreign exchange gains ("-" for losses)	5.60	3,072,500.69	1,188,244.23
Income from net exposure hedging ("-" for losses)			
Income from changes in fair value ("-" for losses)	5.61	-61,542,570.68	173,613,348.19
Losses from credit impairment ("-" for losses)	5.62	277,444,685.94	-198,976,953.76
Losses from asset impairment ("-" for losses)	5.63	-480,476,926.26	-549,024,327.71
Income from asset disposal ("-" for losses)	5.64	50,192,696.72	271,943,405.18
III. Operating profits ("-" for loss)		3,320,871,279.29	2,658,242,870.02
Plus: non-operating revenue	5.65	56,535,658.02	51,417,885.20
Less: non-operating expenses	5.66	52,433,768.20	42,613,160.32
IV. Total profits ("-" for total losses)		3,324,973,169.11	2,667,047,594.90
Less: income tax expenses	5.67	314,616,641.19	237,824,064.64
V. Net profit ("-" for net loss)		3,010,356,527.92	2,429,223,530.26
(II) Classified by ownership			
(I) Classified by operating sustainability		3,010,356,527.92	2,429,223,530.26
1. Net profit from continuing operations ("-" for net loss)			
2. Net profit from discontinued operation ("-" for net loss)			
(II) Classified by ownership		2,854,650,575.05	2,289,036,817.45
1. Net profit attributable to shareholders of the parent company ("-" for net loss)		155,705,952.87	140,186,712.81
VI. Other comprehensive income, net of tax		79,233,039.82	-23,311,920.74
Other comprehensive income, net of tax, attributable to owners of the parent company		69,218,549.27	-20,618,148.92
(I) Other comprehensive income that cannot be reclassified into profit or loss		24,219,958.28	
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		24,219,958.28	
4. Changes in fair value of the Company's own credit risk			
(II) Other comprehensive income that will be reclassified into profit or loss		44,998,590.99	-20,618,148.92
1. Other comprehensive income that can be transferred to profit or loss under the equity method		79,928.69	-1,649,817.99
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		-1,426,925.76	2,756,647.63
5. Cash flow hedging reserves			
6. Differences arising from translation of foreign-currency financial statements		46,392,026.06	-21,724,978.56
7. Others		-46,438.00	
Other comprehensive income, net of tax, attributable to minority shareholders	5.48	10,014,490.55	-2,693,771.82
VII. Total comprehensive income		3,089,589,567.74	2,405,911,609.52
Total comprehensive income attributable to owners of the parent company		2,923,869,124.32	2,268,418,668.53
Total comprehensive income attributable to minority shareholders		165,720,443.42	137,492,940.99
VIII. Earnings per share:			
(I) Basic earnings per share	note 16	0.92	0.73
(II) Diluted earnings per share	note 16	0.92	0.73

In case of business combination under common control in 2022, the net profit realized by the combinee before the combination was RMB 0.00; and the net profit realized by the combinee in 2021 was RMB 0.00. The accompanying notes to the financial statements form an integral part of the financial statements.

Enterprise Principal:

Accounting Principal:

Person in charge of the Accounting Department:

Dongfang Electric Corporation Limited
Parent Company's Income Statement Year 2022
(Amounts are expressed in RMB unless otherwise stated)

Item	Note 15	Year 2022	Year 2021
I. Total operating revenue	15.4	12,555,626,428.90	11,963,190,874.06
Including: operating revenue	15.4	12,555,626,428.90	11,963,190,874.06
Interest income			
Premiums earned			
Income from handling charges and commissions			
II. Total operating cost		12,660,380,256.58	11,829,336,253.75
Including: operating cost	15.4	12,199,840,147.19	11,386,523,418.89
Interest expenses			
Handling charges and commissions expenses			
Surrender value			
Net amount of compensation payout			
Net amount withdrawn for insurance contract reserves			
Policy dividend expenses			
Reinsurance costs			
Taxes and surcharges		14,972,239.24	6,191,404.28
Selling and distribution expenses		83,726,968.43	5,129,070.10
General and administrative expenses		315,587,625.29	296,782,438.11
Research and development expenditures		148,667,787.92	169,579,118.01
Financial expenses		-102,414,511.49	-34,869,195.64
Including: interest expenses		6,138,611.58	24,717.76
Interest income		48,515,893.79	55,811,880.28
Plus: other income		585,686.97	360,186.72
Investment income ("-" for losses)	15.5	1,266,582,222.05	875,044,988.66
Including: income from investment in associates and joint ventures		147,330,011.84	121,273,838.27
Income from derecognition of financial assets measured at amortized cost			
Foreign exchange gains ("-" for losses)			
Income from net exposure hedging ("-" for losses)			
Income from changes in fair value ("-" for losses)		-1,656,996.00	177,942,777.03
Losses from credit impairment ("-" for losses)		164,769,795.60	-39,689,296.03
Losses from asset impairment ("-" for losses)		-153,060,026.26	11,313,970.21
Income from asset disposal ("-" for losses)			131,753.40
III. Operating profits ("-" for loss)		1,172,466,854.68	1,158,959,000.30
Plus: non-operating revenue		11,153,896.59	7,534,337.68
Less: non-operating expenses		13,319,300.12	20,373,051.52
IV. Total profits ("-" for total losses)		1,170,301,451.15	1,146,120,286.46
Less: income tax expenses		24,584,888.81	4,713,226.93
V. Net profit ("-" for net loss)		1,145,716,562.34	1,141,407,059.53
1. Net profit from continuing operations ("-" for net loss)		1,145,716,562.34	1,141,407,059.53
2. Net profit from discontinued operation ("-" for net loss)			
VI. Other comprehensive income, net of tax		-39.51	475,169.83
(I) Other comprehensive income that cannot be reclassified into profit or loss			
1. Changes in re-measurement of the defined benefit plan			
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method			
3. Changes in fair value of other equity instrument investments			
4. Changes in fair value of the Company's own credit risk			
5. Others			
(II) Other comprehensive income that will be reclassified into profit or loss		-39.51	475,169.83
1. Other comprehensive income that can be transferred to profit or loss under the equity method			
2. Changes in fair value of other bond investments			
3. Amount of financial assets reclassified into other comprehensive income			
4. Provision for credit impairment of other creditor's rights investment			
5. Cash flow hedging reserves			
6. Differences arising from translation of foreign-currency financial statements		-39.51	475,169.83
7. Others			
VII. Total comprehensive income		1,145,716,522.83	1,141,882,229.36
VIII. Earnings per share:			
(I) Basic earnings per share			
(II) Diluted earnings per share			

The accompanying notes to the financial statements form an integral part of the financial statements.
Enterprise Principal: Accounting Principal: Person in charge of the Accounting Department:

Dongfang Electric Corporation Limited
Consolidated Statement of Cash Flows Year 2022
(Amounts are expressed in RMB unless otherwise stated)

Item	Note 5	Year 2022	Year 2021
I. Cash flows from operating activities			
Cash received from sales of goods and rendering of services		52,161,144,848.97	44,969,412,588.26
Net increase in deposits from customers and due from banks and other financial institutions		-458,572,522.17	-2,147,715,368.31
Net increase in borrowings from central bank			-16,043,235.82
Net increase in loans from other financial institutions		2,358,615,348.35	-2,320,607,584.15
Cash received from receiving insurance premiums of original insurance contracts			
Net cash received from reinsurance business			
Net increase in deposits and investments from policyholders			
Cash received from interest, handling charges and commissions		466,143,907.48	747,074,895.86
Net increase in loans from banks and other financial institutions			
Net capital increase in repurchase business			
Net cash received from vicariously traded securities			
Refund of taxes and surcharges		603,451,364.44	375,110,655.17
Cash received from other operating activities	5.68	3,505,219,019.45	1,922,408,416.09
Sub-total of cash inflows from operating activities		58,636,001,966.52	43,529,640,367.10
Cash paid for goods purchased and services received		39,413,672,651.47	37,632,141,803.46
Net increase in loans and advances to customers		-65,782,665.00	1,704,175,429.53
Net increase in deposits in central bank and other banks and financial institutions		84,215,400.67	-316,729,234.35
Cash paid for original insurance contract claims			
Net increase in loans to banks and other financial institutions			
Cash paid for interest, handling charges and commissions		1,467,252.18	1,510,221.99
Cash paid for policy dividends			
Cash paid to and on behalf of employees		5,004,832,572.06	4,546,613,777.37
Cash paid for taxes and surcharges		2,472,144,938.23	1,658,175,127.36
Cash paid for other operating activities	5.68	3,315,335,398.61	2,724,642,221.90
Sub-total of cash outflows from operating activities		50,225,885,548.22	47,950,529,347.26
Net cash flows from operating activities	5.69	8,410,116,418.30	-4,420,888,980.16
II. Cash flows from investing activities			
Cash received from disposal of investments		15,269,262,332.97	12,846,007,114.28
Cash received from returns on investments		179,305,474.44	151,172,201.13
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		27,166,342.58	182,208,104.28
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		15,475,734,149.99	13,179,387,419.69
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets		748,211,198.51	717,613,671.32
Cash paid for investments		27,904,078,392.24	15,514,643,379.27
Net increase in pledge loans			
Net cash paid to acquire subsidiaries and other business units			
Cash paid for other investing activities	5.68	9,683,150.00	
Sub-total of cash outflows from investing activities		28,661,972,740.75	16,232,257,050.59
Net cash flows from investing activities		-13,186,238,590.76	-3,052,869,630.90
III. Cash flows from financing activities			
Cash from absorption of investments		410,141,811.50	100,322,500.00
Including: cash received by subsidiaries from the absorption of minority shareholders' investments		410,141,811.50	100,322,500.00
Cash received from borrowings		544,161,866.03	1,146,850,000.00
Cash received from other financing activities		240,000,000.00	
Sub-total of cash inflows from financing activities		1,194,303,677.53	1,247,172,500.00
Cash paid for debt repayments		84,216,121.57	546,724,401.76
Cash paid for distribution of dividends and profits or payment of interest		823,491,994.46	636,375,382.95
Including: dividends and profits paid to minority shareholders by subsidiaries		67,053,091.37	91,322,500.00
Cash paid for other financing activities	5.68	403,608,572.97	442,327,753.41
Sub-total of cash outflows from financing activities		1,311,316,689.00	1,625,427,538.12
Net cash flows from financing activities		-117,013,011.47	-378,255,038.12
IV. Effect of fluctuation in exchange rate on cash and cash equivalents		685,312,755.11	-101,658,260.82
V. Net increase in cash and cash equivalents		-4,207,822,428.82	-7,953,671,910.00
Plus: beginning balance of cash and cash equivalents		16,324,077,597.44	24,277,749,507.44
VI. Ending balance of cash and cash equivalents	5.69	12,116,255,168.62	16,324,077,597.44

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

Enterprise Principal:

Accounting Principal:

Person in charge of the Accounting Department

Dongfang Electric Corporation Limited
Parent Company's Statement of Cash Flows
Year 2022

(Amounts are expressed in RMB unless otherwise stated)

Item	Note 15	Year 2022	Year 2021
I. Cash flows from operating activities			
Cash received from sales of goods and rendering of services		12,476,340,472.91	10,365,614,249.87
Refund of taxes and surcharges		133,438,760.74	20,509,005.24
Cash received from other operating activities		756,045,537.75	137,066,215.83
Sub-total of cash inflows from operating activities		13,365,824,771.40	10,523,189,470.94
Cash paid for goods purchased and services received		10,429,732,487.95	9,474,815,991.81
Cash paid to and on behalf of employees		199,946,528.88	170,146,152.18
Cash paid for taxes and surcharges		15,119,469.53	11,574,706.18
Cash paid for other operating activities		404,549,164.60	390,191,127.73
Sub-total of cash outflows from operating activities		11,049,347,650.96	10,046,727,977.90
Net cash flows from operating activities	15.6	2,316,477,120.44	476,461,493.04
II. Cash flows from investing activities			
Cash received from disposal of investments		40,000,000.00	561,365,898.32
Cash received from returns on investments		1,014,048,349.83	907,711,375.13
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		521,561.80	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		1,054,569,911.63	1,469,193,612.45
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets		3,292,628.88	62,711,448.97
Cash paid for investment		558,266,780.09	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			
Net cash flows from investing activities		561,559,408.97	212,711,448.97
II. Cash flows from investing activities		493,010,502.66	1,256,482,163.48
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		717,890,215.34	562,125,858.85
Cash paid for other financing activities		74,512,262.03	89,961,164.70
Sub-total of cash outflows from financing activities		792,402,477.37	652,087,023.55
Net cash flows from financing activities		-792,402,477.37	-652,087,023.55
IV. Effect of fluctuation in exchange rate on cash and cash equivalents		36,959,318.90	-5,692,407.67
V. Net increase in cash and cash equivalents		2,054,044,464.63	1,075,164,225.30
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	15.6	8,293,786,594.85	6,239,742,130.22

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

Enterprise Principal: Accounting Principal: Person in charge of the Accounting Department:

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

Item	Equity attributable to owners of the parent company											Minority equity	Total shareholders' equity	
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit			Sub-total
		Preferred stock	Perpetual bonds	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 2022("+" for increases)	-343,333.00				201,464,808.03	-56,098,806.19	69,218,549.27	20,050,783.75	114,571,656.23		2,022,753,125.51	2,483,814,395.98	757,179,905.81	3,240,994,301.79
(I) Total comprehensive income							69,218,549.27				2,854,650,575.05	2,923,869,124.32	165,720,443.42	3,089,589,567.74
(II) Capital contributed or reduced by owners	-343,333.00				201,464,808.03	-56,098,806.19						257,220,281.22	653,372,585.08	910,592,866.30
1. Common stock contributed by owners														
2. Capital invested by the holders of other equity instruments	-343,333.00				241,560,239.56							241,216,906.56	657,464,543.13	898,681,449.69
3. Amounts of share-based payments recognized in owners' equity														
4. Others					-40,095,431.53	-56,098,806.19								
(III) Profit distribution														
1. Withdrawal of surplus reserves									114,571,656.23		-831,897,449.54	-717,325,793.31	-67,053,091.37	-784,378,884.68
									114,571,656.23		-114,571,656.23			
2. Withdrawal of general risk reserve														
3. Profit distributed to owners (shareholders)											-717,325,793.31	-717,325,793.31	-67,053,091.37	-784,378,884.68
4. Others														
(IV) Internal carry-forward of owners' equity														
1. Conversion of capital reserves into paid-in capital (or share capital)														
2. Conversion of surplus reserves into paid-in capital (or share capital)														
3. Surplus reserves offsetting losses														
4. Carry-forward of changes in the defined benefit plan for retained earnings														
5. Carry-forward of other comprehensive income for retained earnings														
6. Others														
(V) Special reserves														
1. Amount withdrawn in 2021											20,050,783.75	20,050,783.75	5,139,968.68	25,190,752.43
2. Amount used in 2021											115,319,558.07	115,319,558.07	15,698,948.01	131,018,506.08
											-95,268,774.32	-95,268,774.32	-10,558,979.33	-105,827,753.65
(VI) Others														
IV. Balance as at December 31, 2022	3,118,807,797.00				11,644,956,621.11	112,550,221.81	262,952.31	129,425,897.03	1,201,503,540.86		18,999,069,789.89	34,981,476,376.39	3,643,395,150.77	38,624,871,527.16

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

Accounting Principal:

Person in charge of the Accounting Department:

Dongfang Electric Corporation Limited
Consolidated Statement of Changes in Shareholders' Equity (Continued)
Year 2022
(Amounts are expressed in RMB unless otherwise stated)

Item	Equity attributable to owners of the parent company													Minority equity	Total shareholders' equity
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Sub-total			
		Preferred stock	Perpetual bonds	Others											
I. Balance as at December 31, 2020	3,119,764,130.00				11,584,176,034.17	172,329,868.00	-67,918,065.04	88,508,618.58	972,805,441.29		15,382,662,236.78	30,907,668,527.78	2,733,931,509.29	33,641,600,037.07	
Plus: adjustments for changes in accounting policies															
Correction of accounting errors in prior periods															
Business combination under common control															
Others															
II. Balance as at January 1, 2021	3,119,764,130.00				11,584,176,034.17	172,329,868.00	-67,918,065.04	88,508,618.58	972,805,441.29		15,382,662,236.78	30,907,668,527.78	2,733,931,509.29	33,641,600,037.07	
III. Increases/decreases in 2021 ("-" for decreases)	-613,000.00				-140,684,221.09	-3,680,840.00	-1,037,531.92	20,866,494.70	114,126,443.34		1,593,654,427.60	1,589,993,452.63	152,283,735.67	1,742,277,188.30	
(I) Total comprehensive income							-20,618,148.92				2,289,036,817.45	2,268,418,668.53	137,492,940.99	2,405,911,609.52	
(II) Capital contributed or reduced by owners	-613,000.00				-140,684,221.09	-3,680,840.00						-137,616,381.09	55,215,012.04	-82,401,369.05	
1. Common stock contributed by owners	-613,000.00				-6,187,997.29							-6,800,997.29	103,091,177.27	96,290,179.98	
2. Capital invested by the holders of other equity instruments															
3. Amounts of share-based payments recognized in owners' equity															
4. Others					23,297,624.02							23,297,624.02		23,297,624.02	
(III) Profit distribution					-157,793,847.82	-3,680,840.00					-675,801,772.85	-561,675,329.51	-47,876,165.23	-201,989,173.05	
1. Withdrawal of surplus reserves											-114,140,705.95		-43,148,989.33	-604,824,318.84	
2. Withdrawal of general risk reserve															
3. Profit distributed to owners (shareholders)															
4. Others															
(IV) Internal carry-forward of owners' equity											-561,532,703.40	-561,532,703.40	-43,148,989.33	-604,681,692.73	
1. Conversion of capital reserves into paid-in capital (or share capital)							19,580,617.00				-128,363.50	-142,626.11		-142,626.11	
2. Conversion of surplus reserves into paid-in capital (or share capital)											-19,580,617.00				
3. Surplus reserves offsetting losses															
4. Carry-forward of changes in the defined benefit plan for retained earnings															
5. Carry-forward of other comprehensive income for retained earnings							19,580,617.00				-19,580,617.00				
6. Others															
(V) Special reserves															
1. Amount withdrawn in 2020								20,866,494.70				20,866,494.70	2,724,771.97	23,591,266.67	
2. Amount used in 2020								106,833,301.73				106,833,301.73	13,829,073.26	120,662,374.99	
(VI) Others								-85,966,807.03				-85,966,807.03	-11,104,301.29	-97,071,108.32	
IV. Balance as at December 31, 2021	3,119,151,130.00				11,443,491,813.08	168,649,028.00	-68,955,596.96	109,375,113.28	1,086,931,884.63		16,976,316,664.38	32,497,661,980.41	2,886,215,244.96	35,383,877,225.37	

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

Dongfang Electric Corporation Limited
Parent Company's Statement of Changes in Shareholders' Equity
Year 2022

(Amounts are expressed in RMB unless otherwise stated)

Item	Year 2022						Special reserve	Surplus reserve	Undistributed profit	Total shareholders' equity
	Share capital	Other equity instruments		Capital reserves	Less: treasury stock	Other comprehensive income				
		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 2022("+" for increases)					5,627,635.02	-56,098,806.19	-39.51	114,571,656.23	313,819,112.80	489,773,837.73
(I) Total comprehensive income					5,627,635.02	-56,098,806.19	-39.51	114,571,656.23	313,819,112.80	489,773,837.73
(II) Capital contributed or reduced by owners	-343,333.00				-1,560,448.49				1,145,716,562.34	1,145,716,522.83
1. Common stock contributed by owners	-343,333.00									61,383,108.21
2. Capital invested by the holders of other equity instruments										-1,903,781.49
3. Amounts of share-based payments recognized in owners' equity					15,812,059.31					15,812,059.31
4. Others					-8,623,975.80	-56,098,806.19		114,571,656.23	-831,897,449.54	47,474,830.39
(III) Profit distribution								114,571,656.23	-114,571,656.23	-717,325,793.31
1. Withdrawal of surplus reserves										
2. Profit distributed to owners (shareholders)										
3. Others									-717,325,793.31	-717,325,793.31
(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 2022										
2. Amount used in 2022										
(VI) Others										
IV. Balance as at December 31, 2022										
I. Balance as at December 31, 2021	3,118,807,797.00				13,030,861,412.27	112,550,221.81	475,130.32	1,489,880,919.90	7,897,665,361.64	25,425,140,399.32

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

Enterprise Principal: _____ Accounting Principal: _____

Person in charge of the Accounting Department: _____

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

(Amounts are expressed in RMB unless otherwise stated)

Item	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total shareholders' equity
		Preferred stock	Perpetual bond	Others							
I. Balance as at December 31, 2020	3,119,764,130.00				13,198,774,983.32	172,329,868.00			1,261,168,557.72	7,118,112,598.66	24,525,490,401.70
Plus: adjustments for changes in accounting policies											
Correction of accounting errors in prior periods											
Others											
II. Balance as at January 1, 2021	3,119,764,130.00				13,198,774,983.32	172,329,868.00			1,261,168,557.72	7,118,112,598.66	24,525,490,401.70
III. Increases/decreases in 2021 ("-" for decreases)	-613,000.00				-173,541,206.07	-3,680,840.00	475,169.83		114,140,705.95	465,733,650.18	409,876,159.89
(I) Total comprehensive income							475,169.83			1,141,407,059.53	1,141,882,229.36
(II) Capital contributed or reduced by owners	-613,000.00				-173,541,206.07	-3,680,840.00					-170,473,366.07
1. Common stock contributed by owners	-613,000.00				-2,872,050.00						-3,485,050.00
2. Capital invested by the holders of other equity instruments											
3. Amounts of share-based payments recognized in owners' equity					23,297,624.02						23,297,624.02
4. Others					-193,966,780.09	-3,680,840.00			114,140,705.95	-675,673,409.55	-190,285,940.09
(III) Profit distribution									114,140,705.95	-114,140,705.95	
1. Withdrawal of surplus reserves											
2. Profit distributed to owners (shareholders)											
3. Others										-561,532,703.40	-561,532,703.40
(IV) Internal carry-forward of owners' equity											
1. Conversion of capital reserves into paid-in capital (or share capital)											
2. Conversion of surplus reserves into paid-in capital (or share capital)											
3. Surplus reserves offsetting losses											
4. Carry-forward of changes in the defined benefit plan for retained earnings											
5. Carry-forward of other comprehensive income for retained earnings											
6. Others											
(V) Special reserves											
1. Amount withdrawn in 2021											
2. Amount used in 2021											
(VI) Others											
IV. Balance as at December 31, 2021	3,119,151,130.00				13,025,233,777.25	168,649,028.00	475,169.83		1,375,309,263.67	7,583,846,248.84	24,935,366,561.59

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

Enterprise Principal: _____ Accounting Principal: _____

Person in charge of the Accounting Department: _____

Dongfang Electric Corporation Limited
Notes to the Financial Statements
For the Year Ended December 31, 2022

1、 Company profile

1.1 Place of registration, organizational form and address of headquarters

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

After the distribution of bonus shares, allotment of new shares, capitalization and issuance of new shares over the years, as of December 31, 2022, the company has issued a total of 311,880.78 shares with a registered capital of 311,880.78 million. Registered address: No. 18, Xixin Avenue, Western High-tech District, Chengdu, Sichuan Province. Headquarters address: No. 18, Xixin Avenue, Western High-tech District, Chengdu, Sichuan Province. The parent company is China Dongfang Electric Group Co., Ltd. (hereinafter referred to as Dongfang Electric Group).

1.2 Nature of business and main business of the enterprise

The Company belongs to the industry of power generation equipment manufacturing with a business scope covering general equipment manufacturing, electrical machinery and equipment manufacturing, unclear power generation equipment, wind power generation equipment, renewable energy source power energy equipment and its spare parts manufacturing, sales and R&D; R&D, manufacturing and sales of industrial control and automation equipment; R&D, manufacturing and sales of environmental protection equipment (desulfurization, denitration, waste water, and solid waste), energy saving equipment, and petrochemical container; R&D, manufacturing and sales of instrument and apparatus, standard machinery and other equipment; manufacturing and sale of industrial gas equipment; power station design, packaged technology development of power station equipment, sales of and service for complete equipment; general contracting and sub-contracting of overseas power generation equipment, machine electricity, complete engineering and domestic international bidding engineering, export of equipment and materials needed by the aforesaid overseas engineering, and outward dispatch of contract workers needed by the same; import and export trade; commercial service; professional

technique service; science and technology exchange and promotion (Items subject to approval according to law shall not be carried out before such approval is granted by the competent authorities). Major products of the Company are thermal power generation equipment, hydroelectric generation equipment, wind power generation equipment, unclear power generation equipment and gas power generation equipment.

1.3 Scope of the consolidated financial statement

A total of 57 subsidiaries were included in the scope of the consolidated financial statements this year (including the stock parent company).

The Company has a total of 68 subsidiaries included in the scope of consolidation in the current period, as detailed in Note 7 , Interests in Other Entities. Compared with the previous period, the number of entities included in the scope of consolidated financial statements in the current period increased by 13 and decreased by 1, and the specific information of the entities that changed the scope of consolidation is detailed in Note 6, Changes in the scope of consolidation.

1.4 Approval of financial statements

The financial statements were approved by the board of directors on March 31, 2023.

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 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

3.1 Reminders on specific accounting policies and accounting estimates

1. The company determines specific accounting policies and accounting estimates based on the characteristics of production and operation, which are mainly reflected in the inventory valuation method (Note 3 (16)), the method of accruing expected credit losses of accounts receivable (Note 3 (12), Note 3 (13)), and fixed Asset depreciation and

amortization of intangible assets (Note 3 (21), Note 3 (25)), the measurement model of investment real estate (Note 3 (20)), and the timing of revenue recognition (Note 3 (33))etc.

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

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

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

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

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

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

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

(6) The fair value of financial assets. The company uses various valuation techniques including discounted cash flow methods to determine the fair value of financial instruments that do not have an active market. For financial assets that the law expressly restricts the company from disposing within a specific period, the fair value is based on market quotes and adjusted according to the characteristics of the instrument. In valuation, the company

needs to estimate such aspects as the credit risk of itself and its counterparties, market volatility and correlation. Changes in the assumptions of these related factors will have an impact on the fair value of financial instruments.

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

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

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

(10) Revenue recognition.

(11) Determination of the scope of consolidation.

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

3.2 Statement on compliance with the Accounting Standards for Business Enterprises

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

3.3 Accounting period

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

3.4 Operating cycle

The Company's operating cycle is 12 months.

3.5 Functional currency

The Company adopts RMB as its functional currency.

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

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

accounting treatment

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

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

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

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

3.6.2 Business combination under common control

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

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

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

3.6.3 Business combination not under common control

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

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

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

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

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

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

purchased party, and enjoyed corresponding benefits and assumed corresponding risks.

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

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

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

3.6.4 The related fees incurred for combination

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

3.7 Preparation method of consolidated financial statements

3.7.1 Scope of consolidation

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

3.7.2 Procedures for consolidation

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

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

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

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

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

(1) Increase of subsidiaries or business

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

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

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

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

(2) Disposal of subsidiaries or business

1) General treatment methods

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

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

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

2) Disposal of subsidiaries by stages

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

i. The transactions are concluded at the same time or under the consideration of mutual effect;

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

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

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

(3) Purchase of minority equity of subsidiaries

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

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

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

3.8 Classification and accounting treatment of joint venture arrangements

3.8.1 Classification of joint venture arrangements

Joint venture arrangements are classified into joint operation and joint venture according to factors such as the structure and legal form of the joint venture arrangement, the terms agreed in the joint venture arrangement, other relevant facts and circumstances.

Joint venture arrangements not reached through separate entities are classified as joint operations; Joint venture arrangements entered into through separate entities are usually classified as joint ventures; However, if there is conclusive evidence that any of the following conditions are met and that the joint venture arrangement meets the requirements

of relevant laws and regulations, it is classified as a joint operation:

(1) The legal form of the joint venture arrangement indicates that the joint venture party has rights and obligations to the relevant assets and liabilities in the arrangement.

(2) The contractual terms of the joint venture arrangement stipulate that the joint venture party has rights and obligations to the relevant assets and liabilities in the arrangement.

(3) Other relevant facts and circumstances show that the joint venture party has rights and obligations in respect of the relevant assets and liabilities in the arrangement, such as the joint venture enjoys substantially all the outputs associated with the joint arrangement and the settlement of the liabilities under the arrangement continues to depend on the support of the joint venture party.

3.8.2 Accounting treatment of joint venture arrangements

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

(1) Assets it solely holds and its share of jointly-held assets based on its percentage;

(2) Liabilities it solely assumes and its share of jointly-assumed liabilities based on its percentage;

(3) Revenues from sale of output enjoyed by it from the joint operation;

(4) Revenues from sale of output from the joint operation based on its percentage; and

(5) Separate costs and costs for the joint operation based on its percentage.

If the Company invests in or sells assets, etc. to a joint operation (except where such assets constitute a business), only the portion of the profit or loss arising from the transaction is recognized as attributable to other participants in the joint operation before the asset, etc. is sold by the joint operation to a third party. If an asset sold or sold has an asset impairment loss that complies with the provisions of Accounting Standard for Business Enterprises No. 8 - Asset Impairment, etc., the Company recognizes the loss in full.

The Company purchases assets, etc. (other than those in which such assets constitute business) from joint operations, and recognizes only the portion of the profits and losses arising from the transaction attributable to other participants in the joint operation before selling such assets, etc. to a third party. If an asset is subject to an impairment loss in accordance with the provisions of Accounting Standard for Business Enterprises No. 8 - Asset Impairment, etc., the Company recognizes such part of the loss according to the share it bears.

The Company does not enjoy joint control over the joint operation, and if the Company owns the relevant assets of the joint operation and bears the liabilities related to the joint operation, the accounting treatment shall still be carried out in accordance with the above principles, otherwise, the accounting treatment shall be carried out in accordance with the provisions of the relevant accounting standards for enterprises.

3.9 Recognition criteria of cash and cash equivalents

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

3.10 Foreign currency transactions and translation of foreign currency statements

3.10.1 Foreign currency transaction

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

The balance of foreign currency items on the balance sheet date are measured at the spot exchange rate on the balance sheet date. The exchange difference arising therefrom shall be included in the current profit or loss, while other exchange difference arising from the special borrowings of foreign currency related to the acquired and constructed assets qualified to capitalization shall be dealt with according to the principle of borrowing capitalization. Foreign currency non-monetary items measured at historical cost are still translated using the spot exchange rate on the date of the transaction, without changing their basic currency amount.

Foreign currency non-monetary items measured at fair value are translated using the spot exchange rate on the fair value determination date, and the difference between the converted base currency amount and the original accounting currency amount is treated as a change in fair value (including exchange rate changes) and recognized as profit or loss for the period or recognized as other comprehensive income.

3.10.2 Translation of foreign currency statements

Assets and liabilities in the balance sheet are translated using the spot exchange rate at the balance sheet date; Owner's equity items, except for the "Undistributed Profit" item, are translated using the spot exchange rate at the time of incurrence. The income and expense items in the income statement are translated using the spot exchange rate on the date of the transaction. The difference in the translation of the foreign currency financial statements resulting from the above translation is recognized in other comprehensive income.

When disposing of an overseas operation, the difference in the translation of the foreign currency financial statements related to the overseas operation shown in other comprehensive income items in the balance sheet is transferred from other comprehensive income items to the profit or loss of the current period of disposal; When the proportion of equity interests held in overseas operations decreases due to the disposal of part of the equity investment or other reasons, but the control of the overseas operations is not lost, the difference in the translation of foreign currency statements related to the disposal part of the overseas operations will be attributed to the minority shareholders' interests and will not be transferred to the profit or loss of the current period. When disposing of part of the equity interests of an overseas operation as an associate or joint venture, the difference in the translation of foreign currency statements related to the overseas operation shall be transferred to the profit or loss of the current period of disposal according to the proportion of the disposal of the overseas operation.

3.11 Financial instruments

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

3.11.1 Classification of financial instruments

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

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

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

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

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

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

3.11.2 Recognition basis and measurement method of financial instruments

(1) Financial assets measured at amortized cost

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(6) Financial liabilities measured at the amortized cost

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

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

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

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

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

The Company divides the transfer of financial assets into overall transfer and partial transfer. Where the entire transfer of financial assets meets the de-recognition conditions, the

difference of the following two amounts shall be included in the current profit or loss:

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

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

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

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

3.11.4 Derecognition criteria of financial liabilities

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

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

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

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

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

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

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

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

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

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

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

3.12 Accounts receivable

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

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

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

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

2) In addition to receivables with separate assessment on credit risk, the Company divides

other receivables into the analysis portfolio based on the credit risk characteristics, and calculates the expected credit loss based on such portfolio:

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

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

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

3.13. Other receivables

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

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

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

3.14 Loans and advances to customers

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

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

According to the Circular of the China Banking Regulatory Commission on Issuing the Guidelines for Loan Risk Classification (YJF [2007] No. 54), the Company has been making the provision for asset impairment based on the five-level classification since 2007. The Company's loans are classified into five categories, which are pass, special mention, substandard, doubtful and loss. Loans in pass category refer to loans where the borrower is able to perform relevant contract and there is no good reason to suspect that the principal and interest cannot be fully repaid in time; loans in special-mention category refer to loans where through the borrow is able to repay the principal and interest of the loans at present, some factors having adverse effect on the repayment still exist; loans in substandard category refer

to loans where the borrower's ability of loan repayment has obvious problem, by which the normal operating revenue of the borrower cannot fully repay the principal and interest of the loans, and losses may be caused even implementing relevant guarantee; loans in doubtful category refer to loans where the borrower cannot fully repay the principal and interest of the loans and the significant losses must be caused even implementing relevant guarantee; loans in loss category refer to loans where the principle and interest cannot be collected or only the very few parts thereof can be collected after taking all possible measures or going through all necessary legal procedures.

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

Level	Proportion of provision (%)
Normal assets (including assets in normal and special-mention categories)	Normal 0.00-15.00 (excluding 15.00)
	Special mention 15.00-25.00 (excluding 25.00)
Subprime	25.00-50.00 (excluding 50.00)
Doubtful	50.00-70.00 (excluding 70.00)
Loss	70.00-100.00

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

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

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

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

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

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

3.16 Inventories

3.16.1 Classification of inventories

Inventory refers to finished products or commodities held by the Company for sale in its daily activities, products in the process of production, materials and materials consumed in the production process or the provision of services, etc. It mainly includes raw materials, self-made semi-finished products and in-process products, self-made semi-finished products, inventory commodities (finished products), commissioned processing materials, turnover materials, contract performance costs, etc.

3.16.2 Measurement method of dispatched inventories

Inventories, when acquired, are initially measured at cost, including procurement costs, processing costs and other costs. Inventories are valued on a weighted average basis when they are issued.

3.16.3. The basis for determining the net realizable value of inventory and the method of making provision for inventory price decline

After a comprehensive inventory at the end of the period, the inventory decline provision is drawn or adjusted according to the lower of the cost of the inventory and the net realizable value. The net realizable value of inventory of goods directly used for sale, such as finished products, inventory goods and materials for sale, is determined in the ordinary course of production and operation by the estimated selling price of the inventory less estimated selling expenses and related taxes; The net realizable value of inventories of materials subject to processing is determined in the ordinary course of production and operation by deducting the estimated costs to be incurred upon completion, estimated selling expenses and related taxes; The net realizable value of inventory held for the purpose of executing a sales contract or service contract is calculated on the basis of the contract price, and if the quantity of inventory held exceeds the quantity ordered under the sales contract, the net realizable value of the excess inventory is calculated on the basis of the general sales price.

At the end of the period, provision is made for inventory price declines according to individual inventory items; However, for inventories with a large quantity and low unit price, provision for inventory price decline is made according to the inventory category; Inventory related to a product line produced and sold in the same region, having the same or similar end-use or purpose, and which is difficult to measure separately from other items, is a consolidated provision for inventory declines.

If the factors influencing the previous write-down of inventory value have disappeared, the amount of the write-down is restored and reversed within the amount originally accrued in the amount of the inventory decline provision, and the amount reversed is included in the profit or loss of the current period.

3.16.4 Inventory system

The perpetual inventory system is adopted.

3.16.5 Amortization method of low-cost consumables and packing materials

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

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

3.17 Contract assets

3.17.1 Recognition method and criteria for contract assets

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

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

Please see “3.11” financial instruments, for the determination method and accounting treatment for the expected credit loss of contract assets.

3.18 Held for sale

3.18.1. Divided into holding for sale confirmation criteria

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.

A definitive purchase commitment is a legally binding purchase agreement between the Company and other parties, which contains important terms such as transaction price, time and sufficiently severe penalties for breach of contract, so that the possibility of material adjustment or cancellation of the agreement is extremely unlikely.

3.18.2. Accounting methods of holding for sale

If the carrying amount of non-current assets or disposal groups held by the Company is higher than the fair value less the net amount of selling expenses, the carrying amount shall be written down to the fair value less the selling expenses, and the amount of the write-down shall be recognized as an asset impairment loss, recorded in profit or loss for the period, and an impairment provision shall be made for the assets held for sale.

For non-current assets or groups of disposals classified as holding for sale at the acquisition date, the initial measurement amount and the net fair value less the cost of sale are measured at the time of initial measurement, assuming that they are not classified as holding the category for sale.

The above principles apply to all non-current assets, excluding investment real estate that is subsequently measured using the fair value model, biological assets measured net of fair value less selling expenses, assets resulting from employee compensation, deferred tax assets, financial assets governed by accounting standards for financial instruments, and rights arising from insurance contracts governed by accounting standards governing insurance contracts.

3.19 Long-term equity investment

3.19.1 Judgment criteria for common control and significant influence

If the Company collectively controls an arrangement with other participants in accordance with relevant agreements, and the decision on activities that has a significant impact on the return of the arrangement requires the unanimous consent of the participants sharing the control, the Company and other participants are deemed to jointly control an arrangement, and the arrangement is a joint arrangement.

If the joint venture arrangement is reached through a separate entity, when it is judged that the Company has rights to the net assets of the individual entity according to the relevant agreements, the sole entity shall be treated as a joint venture and accounted for by the equity method. If it is judged that the Company does not have rights to the net assets of the individual entity according to the relevant agreement, the Company will recognize the items related to the share of the interests of the joint operation as a joint entity, and will account for them in accordance with the provisions of the relevant accounting standards for enterprises.

Significant influence means that the investor has the right to participate in the decision-making of the financial and operational policies of the investee entity, but cannot control or jointly control the formulation of these policies with other parties. The Company determines that it has a significant impact on the investee through one or more of the following circumstances, taking into account all the facts and circumstances: (1) being represented on the board of directors or similar authority of the investee; (2) Participate in the financial and business policy formulation process of the investee unit; (3) important transactions with the investee; (4) Dispatch management personnel to the investee unit; (5) Provide key technical information to the investee.

3.19.2 Determination of initial investment cost

(1) Long-term equity investments acquired through business combination, the specific accounting policies are detailed in Note (6) Accounting treatment of business combinations under and without common control.

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

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

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

On the premise that non-monetary asset trade is of commercial nature and the fair value of the asset traded in and out can be measured reliably, the initial cost of a long-term equity

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

The initial investment cost of a long-term equity investment acquired through debt restructuring is determined on a fair value basis.

3.19.3 Subsequent measurement and recognition of profit or loss

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

The company can use the cost method to account for long-term equity investments controlled by the investee entity, and add or recover the cost of adjusting long-term equity investments according to the initial investment cost.

Except for the declared but not yet paid cash dividends or profits contained in the price or consideration actually paid at the time of obtaining the investment, the Company recognizes the cash dividends or profits declared by the investee as investment income for the current period.

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

The Company uses the equity method for long-term equity investments in associates and joint ventures; Equity investments in associates that are partially held indirectly through venture capital institutions, mutual funds, trust companies or similar entities, including investment-linked insurance funds, are measured at fair value and changes are recognized in profit or loss.

The initial investment cost of a long-term equity investment is greater than the difference in the fair value share of the investee's identifiable net assets at the time of investment, and the initial investment cost of the long-term equity investment is not adjusted; The difference between the initial investment cost and the fair value share of the investee's identifiable net assets at the time of investment is included in profit or loss for the period.

After the Company obtains a long-term equity investment, it recognizes investment income and other comprehensive income according to the share of net profit and loss and other comprehensive income realized by the investee unit that it should enjoy or share, and adjusts the carrying amount of the long-term equity investment; and reduce the carrying amount of long-term equity investments accordingly according to the portion of the profits or cash dividends declared by the investee entity; For other changes in the owner's equity of the investee other than net profit and loss, other comprehensive income and profit distribution, the carrying amount of long-term equity investments is adjusted and included in the owner's equity.

When the Company recognizes the share of the net profit or loss of the investee unit, it recognizes the net profit of the investee unit after adjusting for the fair value of each identifiable asset, etc. of the investee at the time of acquisition. Gains and losses on unrealized insider transactions incurred between the Company and associated enterprises

and joint ventures are offset on the basis of the portion attributable to the Company on a pro rata basis.

Investment income is recognized on the basis of unrealized insider transaction gains and losses incurred between the Company and its associates and joint ventures that are attributable to the Company in proportion to which they are entitled and set off. The unrealized insider transaction loss incurred with the investee unit is an asset impairment loss, and it is recognized in full. If an asset is sold or sold between a company and an associated enterprise or joint venture, and the assets constitute a business, the accounting treatment shall be carried out in accordance with the relevant policies disclosed in "III. (6) Accounting for Business Combinations Under Same Control and Not Under Common Control" and "3.(7) Method of Preparation of Consolidated Financial Statements" in this Note.

When the Company recognizes that it should share the losses incurred by the investee entity, it will deal with it in the following order: First, the carrying amount of the long-term equity investment is written off. Secondly, if the carrying amount of a long-term equity investment is insufficient to be written off, the investment loss shall continue to be recognized to the extent that it substantially constitutes the carrying value of the long-term equity of the investee entity, and the carrying value of the long-term receivables, etc. shall be deducted. Finally, after the above treatment, if the enterprise still bears additional obligations according to the investment contract or agreement, the estimated liabilities are recognized according to the expected obligations and included in the current investment losses.

If the investee achieves a profit in the subsequent period, the company will treat it in the reverse order after deducting the unrecognized loss share, and resume the recognition of investment income after writing down the carrying amount of the recognized estimated liabilities and restoring the carrying amount of other long-term equity and long-term equity investments that essentially constitute a net investment in the investee entity.

(3) Disposal of long-term equity investments

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

In case the joint control or significant influence over the investee is lost for disposing part of equity investments or other reasons, the remaining equity will be changed to be accounted for according to the recognition and measurement principles of financial instruments, while the difference between the fair value and the book value on the date of the loss of joint control or significant influence should be included in the current profit or

loss. For other comprehensive income that is recognized from original equity investment by using the equity method, the accounting treatment will be made on the basis the same as that for the direct disposal of related assets or liabilities by the investee when the equity method is terminated. Owner's equity recognized from the investee's changes in other owner's equity other than net profit or loss, other comprehensive income and profit distribution should all transferred to the current profit or loss when the equity method is no longer adopted.

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

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

3.20 Investment properties

The investment properties refer to the properties held for earning rentals or/and capital appreciation, including leased land use right, land use right held for transfer upon appreciation, and leased building. In addition, vacant buildings held by the Company for operation and lease are also reported as investment real estate if the Board of Directors makes a written resolution expressly stating that it will be used for operating lease and the intention to hold it will not change in the short term.

The Company's investment real estate is recorded at its cost, and the cost of purchasing investment real estate includes the purchase price, relevant taxes and other expenses directly attributable to the asset; The cost of self-construction of investment real estate consists of the necessary expenses incurred before the asset is built to its intended usable state.

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			

Type	Depreciation life (year)	Net residual rate (%)	Annual depreciation rate (%)
Including: houses and buildings used for production	20	5.00	4.75
Houses and buildings used for non-production	25	5.00	3.80

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.

3.21 Fixed assets

3.21.1 Recognition criteria of fixed assets

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

(1) It is probable that the economic benefits relating to the fixed assets will flow into the Company; and

(2) The costs of the fixed assets can be measured reliably.

3.21.2 Initial measurement of fixed assets

The Company's fixed assets are initially measured at cost.

(1) The cost of purchased fixed assets includes relevant taxes and fees such as purchase price, import duties, etc., as well as other expenses directly attributable to the fixed assets before they reach the intended state of use.

(2) The cost of constructing a fixed asset on your own consists of the necessary expenses incurred before the asset reaches its intended state of use.

(3) The fixed assets invested by investors shall be recorded according to the value agreed in the investment contract or agreement, but if the value stipulated in the contract or agreement is unfair, it shall be recorded at fair value.

If the purchase price of a fixed asset exceeds the normal credit terms and is deferred and is essentially of a financing nature, the cost of the fixed asset is determined on the basis of the present value of the purchase price. The difference between the price actually paid and the present value of the purchase price, unless capitalized, is recognized in profit or loss for the period during the credit period.

3.21.3 Subsequent measurement and disposal of fixed assets

(1) Depreciation of fixed assets

Depreciation of fixed assets is accrued over the expected useful life after deducting the estimated net residual value from its recorded value. For fixed assets for which impairment provisions have been made, depreciation is determined in future periods based on the carrying amount after deduction of impairment provisions and on the basis of useful life; Depreciation is not accrued for fixed assets that have been fully depreciated but continue to be used.

The fixed assets formed by using the special reserve expenditure are deducted according to the cost of forming the fixed assets, and the accumulated depreciation of the same amount is recognized, and the fixed assets are no longer depreciated in subsequent periods.

The company determines the useful life and estimated net residual value of fixed assets according to the nature and use of fixed assets. At the end of the year, the useful life, estimated net residual value and depreciation method of fixed assets are reviewed, and if there is a difference from the original estimate, adjust accordingly.

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

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

(2) Follow-up expenditure of fixed assets

Subsequent expenses related to fixed assets that meet the conditions for recognition of fixed assets are included in the cost of fixed assets; If the conditions for recognition of fixed

assets are not met, they will be included in the profit or loss of the current period when they are incurred.

(3) Disposal of fixed assets

Derecognition of a fixed asset when it is disposed of, or when it is not expected to generate economic benefit from its use or disposal. Proceeds from the sale, transfer, retirement or destruction of fixed assets, less their carrying amount and related taxes, are included in profit or loss for the period.

3.22 Construction in progress

3.22.1. Initial measurement of construction in progress

The construction work in progress constructed by the Company is valued at actual cost, which consists of the necessary expenses incurred before the construction of the asset reaches the intended state of use, including the cost of materials for the construction, labor costs, relevant taxes paid, borrowing costs that should be capitalized and overhead costs that should be apportioned.

3.22.2. The standard and time point for the carry-over of construction in progress to fixed assets

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.

3.23 Borrowing costs

3.23.1 Recognition criteria of capitalization of borrowing costs

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

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

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

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

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

(2) Borrowing costs have already been incurred; and

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

3.23.2 Capitalization period for borrowing costs

Capitalization period refers to the period from the commencement of capitalization of borrowing costs to its cessation, excluding the period of capitalization suspension of borrowing costs.

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

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

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

3.23.3 Suspension of capitalization

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

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

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

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

3.24 Right-of-use assets

The Company conducts an initial measurement of right-of-use assets at cost, which comprises:

1. The initial measured amount of the lease liability;
2. If there is a lease incentive for the lease payment paid on or before the start date of the lease period, the amount related to the lease incentive already enjoyed will be deducted;
3. Initial direct costs incurred by the Company;
4. Costs (excluding costs incurred for the production of inventory) that the Company is expected to incur for the purpose of dismantling and removing the Leased Assets, restoring the premises where the Leased Assets are located, or restoring the Leased Assets to the state specified in the Lease Terms.

After the commencement date of the lease period, the Company uses a cost model for subsequent measurement of right-of-use assets.

If it can reasonably be determined that ownership of the leased asset will be acquired at the end of the lease period, the Company shall accrue depreciation for the remaining useful life of the leased asset. If it is not reasonably certain that ownership of the leased asset can be acquired at the end of the lease period, the Company accrues depreciation during the shorter period of the leased term and the remaining useful life of the leased asset. Right-of-use assets for which an impairment provision has been made are depreciated in future periods at their carrying amount after deduction of the impairment provision in accordance with the above principles.

3.25 Intangible assets and development expenditures

Intangible assets are identifiable non-monetary assets owned or controlled by the Company that have no physical form.

4.24.1 The initially measurement method of intangible assets

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

For intangible assets obtained through debt restructuring that are used by debtors for offsetting debts, its book value is determined by the fair value of the abandoned creditor's right and the taxes directly attributable to the assets reaching intended use, and the difference between the fair value of the abandoned creditor's right and the book value is included into the current profit or loss.

On the premise that non-monetary assets trade is of commercial nature and the fair value of the assets traded in and out can be measured reliably, the intangible assets traded in with non-monetary assets should be recognized at the fair value of the assets traded out, unless any unambiguous evidence indicates that the fair value of the assets traded in is more reliable; as to the non-monetary assets trade not meeting the aforesaid premise, the book value of the assets traded out and related taxes and surcharges payable should be recognized as the cost of the intangible assets, with profits or losses not recognized.

The intangible assets acquired by the enterprise under the same control are determined based on the book value of the merged party; the intangible assets acquired by the enterprises under the same control are determined at fair value.

Intangible assets developed by the company itself, whose costs include: materials used in the development of the intangible assets, labor costs, registration fees, amortization of other patents and concessions used in the development process, and interest charges to meet capitalization conditions, and other direct costs incurred to bring the intangible asset to its intended use.

4.24.2 Subsequent measurements

The useful lives of the intangible assets are analyzed and determined on their acquisition. For intangible assets with definite useful lives, the straight-line amortization method is adopted in the period when such intangible assets bring economic benefit to the enterprise; if such period cannot be forecasted, the intangible assets will be deemed as intangible assets with indefinite useful lives and will not be amortized.

4.24.3 Specific criteria for classifying research and development stages

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

Development stage is the stage when the research achievements and other knowledge are

applied to a plan or design, prior to the commercial production or use, so as to produce any new or substantially improved material, device or product.

4.24.4 Criteria for capitalization of qualifying expenditures during the development stage

Expenditures arising from development stage are determined as intangible assets when the following conditions are simultaneously satisfied:

(1) It is technically feasible to finish intangible assets for use or sale;
(2) The management has the intention to finish and use or sell the intangible assets;
(3) The method that the intangible assets generate economic benefits, including the existence of a market for products produced by the intangible assets or for the intangible assets themselves, shall be proved. Or, if to be used internally, the usefulness of the assets shall be proved;

(4) With the support of sufficient technologies, financial resources and other resources, it is able to finish the development of the intangible assets, and it is able to use or sell the intangible assets; and

(5) The expenditures attributable to the intangible assets during their development stage can be reliably measured.

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

3.26 Impairment of long-term assets

The Company determines at the balance sheet date whether long-term assets are likely to be impaired. If there are signs of impairment of long-term assets, estimate their recoverable amount on a case-by-asset basis; Where it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group shall be determined on the basis of the asset group to which the asset belongs.

An estimate of the recoverable amount of an asset is determined by the higher of its fair value, net of disposal costs, and the present value of the asset's projected future cash flows.

The recoverable amount is measured and shows that if the recoverable amount of a long-term asset is less than its carrying value, the carrying amount of the long-term asset is written down to the recoverable amount, and the amount written down is recognized as an asset impairment loss, which is included in the profit or loss of the current period, and the corresponding asset impairment provision is accrued. Once an asset impairment loss is recognized, it cannot be reversed in subsequent accounting periods.

After the impairment loss of the asset is recognized, the depreciation or amortization expense of the impaired asset is adjusted accordingly in future periods so that the adjusted carrying amount (less the estimated net residual value) of the asset is systematically apportioned over the remaining useful life.

Goodwill resulting from business combinations and intangible assets with uncertain useful lives are tested annually, regardless of whether there are signs of impairment.

When goodwill is tested for impairment, the carrying amount of goodwill is allocated to an asset group or portfolio of assets that is expected to benefit from the synergies of the

business combination. When conducting an impairment test on a group or combination of assets containing goodwill, if there are signs of impairment in the asset group or portfolio of asset groups related to goodwill, the impairment test is first carried out on the asset group or asset group combination that does not contain goodwill, the recoverable amount is calculated, and the corresponding impairment loss is recognized by comparing it with the relevant carrying value. The impairment test is then carried out on the asset group or asset group combination containing goodwill, and the carrying amount of these related asset groups or asset group combinations (including the carrying value portion of the allocated goodwill) is compared with its recoverable amount, and if the recoverable amount of the relevant asset group or asset group combination is lower than its carrying value, the impairment loss of goodwill is recognized.

3.27 Contract liabilities

The Company recognizes as a contractual liability the portion of the obligation to transfer goods to the Customer for consideration received or receivable from the Customer.

3.28 Long-term deferred expenses

Long-term deferred expenses refer to various expenses which have been already incurred but will be borne in the reporting period and in the future with an amortization period of over one year. Long-term deferred expenses are evenly amortized over the benefit period.

For long-term deferred expenses are not beneficiary to the subsequent accounting periods, the amortized value of the projects that are not amortized yet is all included in the current profit and loss.

3.29 Employee compensation

3.29.1 Accounting treatment of short-term compensation

During the accounting period where employees serve the Company, the short-term remuneration actually incurred should be recognized as a liability and included in the current profit or loss or the asset-related cost.

The social insurance premiums and the housing provident fund paid by the Company for its employees, together with the labor union expenditures and employee education drew as required are used to calculate and determine the relevant employee compensation amount based on the prescribed accrual basis and accrual proportion during the accounting period in which the employees provide services to the Company.

The non-monetary benefits of employees that can be measured reliably are measured at fair value.

3.29.2 Accounting treatment of post-employment benefits

(1) Defined contribution plan

The Company pays the basic endowment insurance premiums and unemployment insurance for employees according to the relevant provisions of the local governments. During the accounting period when employees serve the Company, the paid amount which is

calculated based on the payment base and proportion as stipulated in the provisions of the local place is recognized as liabilities and included in the current profit or loss or asset-related cost.

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

(2) Defined benefit plans

According to the formula determined based on expected cumulative unit method, the Company will set the period that the welfare obligations deriving from the defined benefit plan, which will be included in current profit or loss or assets-related cost.

A net liability or net asset in connection with the defined benefit plan is recognized at the present value of the obligation under the defined benefit plan less the deficit or surplus arising out of the fair value of the assets under the defined benefit plan. For a surplus of defined benefit plan, the Company shall measure net assets of such defined benefit plan by the lower one between the surplus of defined benefit plan and the upper limit of assets thereof. All obligations of the defined benefit plan, including the payments expected to be paid within 12 months after the end of the annual reporting period when the employees provide services, will be discounted at the market yield rate of national debt corresponding to the period and currencies of the obligations of the defined benefit plan and that of high-quality corporate bonds active on the market on the balance sheet date.

The service costs of the defined benefit plan and net interest on the net liabilities or net assets in respect of the defined benefit plan are included in the current profit or loss or assets-related costs; changes in the re-measurement of net liabilities or net assets under the defined benefit plans should be included in other comprehensive income and should not be reversed in subsequent accounting periods. When the original defined benefit plan terminates, the portion originally included in other comprehensive income will all be transferred to the undistributed profits. When the defined benefit plan is settled, the settlement gain or loss will be measured at the balance between the present value of the obligations of the defined benefit plan and the settlement price determined on the settlement date.

3.29.3 Accounting treatment of dismissal benefits

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

3.30 Estimated liabilities

3.30.1 Recognition criteria of estimated liabilities

The Company recognizes estimated liabilities when such obligations related to contingencies including litigation, debt guarantee, onerous contracts and restructuring matters satisfy all the following conditions:

Such obligation is a present obligation of the Company;

The performance of this obligation may very probably lead to the flow of economic interests out of the Company;

The amount of the obligation can be measured reliably.

3.30.2 Measurement method of estimated liabilities

The estimated liabilities of the Company are initially measured as the best estimate of

expenses required for the performance of relevant present obligations.

When determining the best estimates, the Company comprehensively considers the risks, uncertainties, time value of money, and other factors relating to the contingencies. If the time value of money is significant, the best estimates will be determined after discount of relevant future cash outflows.

The best estimates shall be treated as follows in different circumstances:

If there is continuous range (or interval) for the necessary expenses, and probabilities of occurrence of all the outcomes within this range are equal, the best estimate should be determined at the average amount of upper and lower limits within the range.

If there is no continuous range (or interval) for the necessary expenses, or probabilities of occurrence of all the outcomes within this range are unequal despite such a range exists, in case that the contingency involves a single item, the best estimate should be determined at the most likely outcome; if the contingency involves two or more items, the best estimate should be determined according to all the possible outcomes with their relevant probabilities.

When all or part of the expenses necessary for the settlement of an estimated liability of the Company are expected to be compensated by a third party, the compensation shall be separately recognized as an asset only when it is virtually certain that the compensation will be received. The amount recognized for the compensation shall not exceed the book value of the estimated liability.

3.31 Lease liabilities

The Company applies an initial measurement of lease liabilities based on the present value of unpaid lease payments at the commencement date of the lease period. In calculating the present value of lease payments, the Company uses the lease embedded interest rate as the discount rate; If the interest rate included in the lease cannot be determined, the Company's incremental borrowing rate shall be used as the discount rate. The rental payment amount includes:

1. Fixed payment amount and substantive fixed payment amount after deducting the relevant amount of lease incentive;
2. Variable lease payments depending on indices or ratios;
3. Where the Company reasonably determines that the option will be exercised, the rental payment includes the exercise price of the purchase option;
4. Where the term of the lease reflects that the Company will exercise the option to terminate the lease, the amount of the lease payment includes the amount payable to exercise the option to terminate the lease;
5. The amount expected to be paid based on the residual value of the guarantee provided by the Company.

The Company calculates the interest expense of lease liabilities for each period of the lease term at a fixed discount rate and includes it in profit or loss for the current period or the cost of the underlying asset.

Variable lease payments that are not included in the measurement of lease liabilities should be recognized in profit or loss for the period or the cost of the underlying asset when they are actually incurred.

3.32 Share-based payment

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

3.32.1 Equity-settled share-based payment and equity instruments

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

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

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

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

3.32.2 Cash-settled share-based payment and equity instruments

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

expenses based on the best estimate on vesting conditions during the vesting period at the fair value of the liability assumed, and the liability shall be added accordingly. The Company shall, on each balance sheet date and each settlement date prior to the settlement of the relevant liabilities, re-measure the fair values of the liabilities and include the changes in the current profit or loss.

3.33 Revenue

The Company fulfills its performance obligations in the contract, that is, it recognizes the revenue when the customer obtains control of the relevant assets (goods or services). Whether the performance obligation is performed within a certain period or at a certain time point depends on the terms of the contract and relevant legal provisions. If the Company meets one of the following conditions, it is deemed to have performed the performance obligations within a certain period:

1. The customer obtains and consumes the economic benefits brought by the performance of the Company while the company is performing the obligation.

2. Customers are able to control the assets under construction in the Company's performance process.

3. The assets produced by the Company during the performance of the contract have irreplaceable uses, and the Company has the right to receive payments for the portion of the performance that has been completed to date.

If the performance obligation is fulfilled within a certain period, the Company recognizes the revenue according to the progress of the performance. Otherwise, the Company recognizes the revenue at a certain point in time when the customer obtains control of the relevant assets. The performance of the contract is measured by the expenditure or investment incurred by the Company in fulfilling its performance obligations. The progress is determined based on the proportion of the total costs incurred by each contract as of the balance sheet date to the estimated total costs.

When determining the price of a contract transaction, if there is a variable consideration, the Company determines the best estimate of the variable consideration according to the expected value or the most likely amount, and will include it in the transaction price that does not exceed the accumulatively recognized revenue that is highly unlikely to have a major reversal when the relevant uncertainty is eliminated. If there is a major financing component in the contract, the Company will adjust the transaction price according to the financing component in the contract; if the interval between the transfer of control rights and the payment of the customer's price is less than one year, the Company does not consider the financing component.

For sales with sales return clauses, when the customer obtains the control of the related goods, the Company recognizes revenues based on the consideration amount that it is entitled to due to the transfer of the goods to the customer, and confirms the returned amount due to sales return as estimated liabilities; At the same time, the balance after deducting the estimated cost of recovering the goods (including the impairment of the value of the returned commodity) according to the estimated book value of the returned goods at the time of transfer was recognized as an asset, that is, the receivable cost of the returned goods was carried forward to costs after deducting the net amount of the above-mentioned contract costs, according to the book value of the transferred commodity at the time of transfer. On each balance sheet date, the Company re-estimated future sales returns and remeasured the above assets and liabilities.

If there are significant financing costs in the contract, the Company determines the transaction price based on the assumed amount of cash to be paid when the customer obtains control of the goods. If the nominal amount of the contract consideration is discounted to the current sale price of the goods, the difference between determined transaction price and the

amount of consideration promised in the contract was amortized by adopting the effective interest method during the contract period. For the interval between the estimated acquisition of the goods control right by the customer and the payment by the customer less than one year, the Company did not consider the significant financing component in the contract.

As the Company has the right to independently determine the price of the goods traded, that is, the Company can control such product before transferring the goods and other products to the customer, the company is the main responsible person, and the revenue would be recognized based on the total consideration received or receivable. Otherwise, the Company is an agent, and the revenue would be recognized according to the amount of commission or handling fee expected to be collected. Such amount should be recognized according to the net amount of the total consideration received or receivable deducting the payables to other related parties, or according to the established amount or proportion of the commission.

3.34 Contract costs

3.34.1. Contract performance costs

The Company recognizes as a contract performance cost costs for costs incurred for performance of a contract that do not fall within the scope of accounting standards for enterprises other than the revenue standard and meet the following conditions:

(1) The costs are directly related to a current or anticipated contract, including direct labor, direct materials, manufacturing expenses (or similar costs), costs expressly borne by the customer, and other costs incurred solely as a result of the contract.

(2) This cost increases the resources that the enterprise will use to meet its performance obligations in the future.

(3) The cost is expected to be recovered.

The asset is reported in inventory or other non-current assets based on whether the amortization period at the time of initial recognition exceeds one normal business cycle.

3.34.2. Contract acquisition costs

If the incremental costs incurred by the Company in obtaining the contract are expected to be recoverable, they are recognized as an asset as the cost of acquiring the contract. Incremental costs are costs that the Company would not incur without obtaining a contract, such as sales commissions. For amortization periods of less than one year, profit or loss for the period is recognized at the time of incurrence.

3.34.3. Amortization of contract costs

The above-mentioned assets related to contract costs are recognized in profit or loss for the period on the same basis as revenue recognition of goods or services related to the asset and amortized at the time of performance of the performance obligation or in accordance with the performance progress of the performance obligation.

3.34.4. Impairment of contract costs

If the carrying amount of the above-mentioned assets related to contract costs is higher than the difference between the remaining consideration that the Company expects to receive as a result of the transfer of the goods related to the assets and the estimated costs to be incurred for the transfer of the relevant goods, the excess shall be subject to an impairment provision and recognized as an impairment loss on the assets.

After the provision for impairment, if the factors for impairment in prior periods change such that the above two differences are higher than the carrying amount of the asset, the impairment provision for the asset that was originally accrued is reversed and recorded in profit or loss for the current period, provided that the carrying amount of the asset after the reversal does not exceed the carrying amount of the asset on the date of reversal, assuming

that no impairment provision is made.

3.35 Government grants

3.35.1 Type

Government grants refer to the monetary or non-monetary assets obtained by the Company from the government for free. Government grants are divided into asset-related government grants and income-related government grants.

Asset-related government grants refer to government subsidies obtained by the Company for forming long-term assets by acquisition, construction or other manners. Income-related government grants refer to those other than asset-related government grants. Where government documents fail to clearly define grant objects, the Company will make a judgement according to the aforesaid principle.

3.35.2. Confirmation of government grants

If there is evidence at the end of the period that the company can meet the relevant conditions stipulated in the financial support policy and is expected to receive financial support funds, the government grants will be recognized according to the amount receivable. In addition, government grants are recognized when they are actually received.

Where government grants are monetary assets, they are measured according to the amount received or receivable. If the government grants is a non-monetary asset, it is measured at fair value; If the fair value cannot be reliably obtained, it shall be measured according to the notional amount (RMB 1). Government grants, measured in nominal amounts, are recognized directly in profit or loss for the period.

3.35.3 Accounting treatment

Government grants related to assets should be written off or recognized as deferred gains on the carrying amount of the underlying assets. Government grants related to assets recognized as deferred gains are recognized as gains and losses in installments over the useful life of the assets built or purchased in a reasonable and systematic manner.

Government grants related to revenues, which are used to compensate the enterprise for related expenses or losses in subsequent periods, are recognized as deferred earnings, and are included in the profit or loss of the current period or deduct related costs in the period in which the relevant expenses or losses are recognized; If it is used to compensate for the relevant expenses or losses that have been incurred by the enterprise, it shall be directly included in the profit or loss of the current period or offset the relevant costs at the time of acquisition.

Government grants related to the day-to-day activities of the enterprise are included in other income or deducted from related costs; Government grants that are not related to the daily activities of the enterprise are included in the non-operating income and expenditure.

Receiving government grants related to the discount of policy-based preferential loans to offset the relevant borrowing costs; If a loan with a preferential interest rate policy is obtained from a lending bank, the actual amount of the loan received shall be used as the recorded value of the loan, and the relevant borrowing fee shall be calculated according to the principal of the loan and the preferential interest rate of the policy.

When the recognized government grants needs to be returned, the carrying amount of the asset shall be adjusted if the book value of the relevant asset is deducted at the time of initial recognition; If there is a balance of relevant deferred earnings, the carrying balance of the relevant deferred earnings shall be deducted, and the excess shall be included in the profit or loss of the current period; If there is no relevant deferred income, it is directly included in the profit or loss of the current period.

3.36 Deferred income tax assets and deferred income tax liabilities

Deferred tax assets and deferred tax liabilities are recognized based on the difference between the taxable basis of assets and liabilities and their carrying amount (temporary differences). At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the applicable tax rate for the period in which the asset is expected to be recovered or liquidated.

3.36.1 Basis for recognizing deferred tax assets

The Company recognizes deferred tax assets arising from deductible temporary differences to the extent that it is likely to obtain taxable income that can be carried forward to deductible losses and tax credits for subsequent years. However, deferred tax assets arising from the initial recognition of assets or liabilities are not recognized in transactions that also have: (1) the transaction is not a business combination; (2) When the transaction occurs, it does not affect the accounting profit, nor the taxable income or deductible loss.

Deferred tax assets are recognized for deductible temporary differences related to investments in associates that are likely to be reversed in the foreseeable future and taxable income that is likely to be credited against deductible temporary differences in the future.

3.36.2. Basis for recognizing deferred tax liabilities

The Company recognizes the outstanding taxable temporary differences between the current period and prior periods as deferred tax liabilities. But excludes:

- (1) temporary differences resulting from the initial recognition of goodwill;
- (2) transactions or events that are not the result of a business combination and which occur without affecting accounting profits or temporary differences in taxable income (or deductible losses);
- (3) For taxable temporary differences related to investments in subsidiaries or associates, the timing of the reversal of the temporary differences can be controlled and the temporary differences are likely not to be reversed in the foreseeable future.

3.36.3. Deferred tax assets and deferred tax liabilities are presented as net amounts after set-off when the following conditions are met at the same time

- (1) The enterprise has the statutory right to nett the current income tax assets and current income tax liabilities;
- (2) Deferred tax assets and deferred tax liabilities are related to income tax levied on the same taxpayer by the same tax administration department or to different tax entities, but in each period in which each significant deferred tax asset and deferred tax liability are reversed in the future, the taxpayer involved intends to nett the current income tax assets and current income tax liabilities or acquire assets and settle debts at the same time.

3.37 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.

3.37.1 The Company as the lessee

(1) Right-of-use assets

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

- a. The initial measurement amount of lease liabilities;
- b. In case of any lease incentives, relevant amount of the lease incentives enjoyed shall be deducted from the lease payment paid on or before the commencement date of the lease term;
- c. The initial direct costs incurred of the Company;
- d. The costs incurred of the Company for demolishing and removing leased assets, restoring the site where the leased assets are located, or restoring the leased assets to the state agreed in the lease terms. The Company recognizes and measures the cost in accordance with the recognition standards and measurement methods described in Note 5.42 Estimated Liabilities. Such cost is included in inventory costs incurred for the production of inventory.

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

(2) Lease liabilities

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

- a. For fixed payments (including substantial fixed payments), if there is any lease incentive, the relevant amount of the lease incentive shall be deducted;
- b. Variable lease payments depending on the index or ratio;
- c. The payments expected to be payable based on the residual value of the guarantee provided by the Company;
- d. Exercise price of purchase option, provided that the Company reasonably determines that it will exercise the option;
- e. The amount to be paid to exercise the lease termination option, provided that it is reflected that the Company will exercise the lease termination option during the lease period;

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

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

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

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

- a. Any change in the estimated payable amount based on the residual value of the guarantee;
- b. Any change in the index or ratio used to determine lease payments;
- c. Any change in the evaluation results of the purchase option, lease renewal option or lease termination option, or any inconsistency between the actual exercise of the lease

renewal option or lease termination option and the original evaluation results.

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

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

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

(4) Lease changes

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

- a. Where the lease change expands the scope of the lease by adding the right to use one or more leased assets;
- b. Where the increase of the consideration is equivalent to the adjusted individual price of the expanded part of the lease scope according to the contract.

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

3.37.2 The Company as the lessor

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

(1) Accounting treatment of operating leases

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

(2) Accounting treatment of finance lease

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

The Company calculates and recognizes the interest expenses in each lease term based on a fixed periodic interest rate. The derecognition and impairment of finance lease receivables shall be accounted for in accordance with "3.11 Financial instruments" herein.

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

3.37.3 Sale-and-lease back deals

The Company evaluates and determines whether the transfer of assets in the sale-and-leaseback transaction is a sale in accordance with the principles described in “3.33 Revenue” herein.

(1)As the lessee

If the asset transfer in the sale-leaseback transaction belongs to sales, the Company as the lessee measures the right-of-use asset formed by the sale-leaseback according to the part related to the use-right obtained from the leaseback in the original book value of assets, and only recognizes the relevant gains and losses only for the rights transferred to the lessor; If the asset transfer in the sale-and-leaseback transaction does not belong to the sale, the Company, as the lessee, continues to confirm the transferred assets and recognizes a financial liability equivalent to the transfer income. Please refer to Note “3.11 financial instruments” for the accounting treatment for financial liabilities.

(2)As the lessor

If the asset transfer in the sale-and-leaseback transaction belongs to sales, the Company, as the lessor, conducts accounting treatment over asset purchases, and performs accounting treatment for asset lease in accordance with the aforementioned policy of “2. The Company acts as the lessor”; If the asset transfer in the sale-and-leaseback transaction does not belong to the sale, the Company, as the lessor, will not confirm the transferred assets but recognizes a financial asset equivalent to the transfer income. Please refer to Note “3.11 financial instruments” for the accounting treatment for financial assets.

3.38 Discontinued operations

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

(1)The component represents an independent major business or a sole major business area;

(2)The component is a part of a related plan on intended disposal of an independent major business or a sole major business area; or

(3)The component is a subsidiary acquired only for re-sale.

Operational gains and losses such as impairment losses and reversal amounts and disposal gains and losses from discontinued operations are listed in the income statement as discontinued operation gains and losses.

3.39 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.

3.40 Safety production expenses

The safety production expenses drawn by the company in accordance with national regulations are included in the cost of relevant products or the profit or loss of the current period, and are also recorded in the "special reserve" account. When using the extracted safety production expenses, which are expense-based expenses, the special reserve shall be directly deducted. If fixed assets are formed, the expenditure incurred is aggregated through the "Construction in progress" account, and recognized as fixed assets when the completion of the safety project reaches the intended state of use; At the same time, the special reserve is deducted according to the cost of forming the fixed asset, and the accumulated depreciation of the same amount is recognized. The fixed asset is no longer depreciated in later periods.

3.41 Changes in significant accounting policies and accounting estimates

3.41.1 Changes in accounting policies

1. Implement the Accounting Standard for Business Enterprises to explain the impact of No. 15 on the Company

On December 31, 2021, the Ministry of Finance issued the Interpretation of Accounting Standards for Business Enterprises No. 15 (Cai Hui [2021] No. 35, hereinafter referred to as "Interpretation No. 15"), which explains No. 15 "Accounting for the external sale of products or by-products produced by enterprises before they reach the intended state of use or during the research and development process (hereinafter referred to as 'trial operation')" and "judgment on loss-making contracts" will come into force on January 1, 2022.

(1) Accounting for the external sales of products or by-products produced by an enterprise before the fixed assets reach the intended state of use or during the research and development process

The Company has retrospectively adjusted the trial operation sales that occurred between the beginning of the earliest period (i.e. January 1, 2021) and the effective date of the interpretation (January 1, 2022) of the financial statements for which this interpretation was first implemented, and the first implementation of the new standard interpretation did not have a cumulative impact on the Company.

(2) Judgment on loss-making contracts

The Company does not adjust the comparative financial statement data of the previous period for contract execution Interpretation No. 15 that has not fulfilled all obligations at the time of the first implementation of Interpretation No. 15 (January 1, 2022), the cumulative impact adjustment of retained earnings and other related financial statement items at the beginning of the year of the first implementation of Interpretation No. 15, and does not adjust the comparative financial statement data of the previous period, and the first implementation of the new standard interpretation does not have a cumulative impact on the Company.

2. Implement Accounting Standards for Business Enterprises to explain the impact of No. 16 on the Company

On December 13, 2022, the Ministry of Finance issued the Interpretation of Accounting Standards for Business Enterprises No. 16 (Cai Hui [2022] No. 31, hereinafter referred to as "Interpretation No. 16"), explaining that the accounting treatment of the three matters No. 16: "The deferred income tax related to assets and liabilities arising from a single transaction is not subject to the accounting treatment of initial recognition exemption" came into effect on January 1, 2023, allowing enterprises to implement the accounting treatment related to this matter in advance from the year of publication, and the Company did not implement the accounting treatment related to this matter in advance this year; The "Accounting for the

Income Tax Implications of Dividends Related to Financial Instruments Classified as Equity Instruments by Issuers" and "Accounting for Amendments to Cash-Settled Share-Based Payments to Equity-Settled Share-Based Payments" came into force on the date of promulgation, and the first implementation of the accounting standard interpretation did not have a cumulative impact on the Company.

3.41.2 Changes in significant accounting estimates

The Company has no changes in accounting policies in 2022.

3.41.3 Changes in significant accounting estimates

The Company has no changes in significant accounting estimates in 2022.

4、Taxation

4.1 Main tax types and tax rates

Tax Type	Tax basis	Tax rate	Note
Value-added tax ("VAT")	Value-added tax payable shall be the difference obtained by the output taxes calculated on the basis of the revenue from the sale of goods and taxable services calculated by tax laws less the input taxes allowed to be deducted for the current period	3%、5%、6%、9%、11%、13%、16%、17%、18%	East India Company GST is 18%; part of the old tax rate exists due to upfront withholding tax to be invoiced.
Urban maintenance and construction tax	Levied based on the actual business tax, VAT and consumption tax paid	5%、7%	
Enterprise income tax	Levied based on the taxable income	2.5%、10%、15%、22%、25%	
Property tax	The property for personal use shall be levied based on 70% of the original value and the leased property shall be levied based on income	1.2%、12%	

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

Taxpayer name	Income tax rate (%)
The Company	15.00
Dongfang Electric (Guangzhou) Heavy Machinery Co., Ltd. (hereinafter referred to as Dongfang Heavy Machinery)	15.00
Dongfang Electric Group Dongfang Boiler Co., Ltd. (hereinafter referred to as Dongfang Boiler)	15.00
Dongfang Ketri (Chengdu) Environmental Protection Technology Co., Ltd. (hereinafter referred to as Dongfang Ketri)	15.00

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Taxpayer name	Income tax rate (%)
Dongfang Electric Group Dongfang Steam Turbine Co., Ltd. (hereinafter referred to as Dongfang Steam Turbine)	15.00
Dongfang Electric Group Dongfang Electric Co., Ltd. (hereinafter referred to as Dongfang Electric)	15.00
Dongfang Electric (Deyang) Motor Technology Co., Ltd. (hereinafter referred to as Dongfang Electric Motor)	15.00
Dongfang Electric Wind Power Co., Ltd. (hereinafter referred to as Dongfang Wind Power)	15.00
Dongfang Electric (Tianjin) Wind Power Blade Engineering Co., Ltd. (hereinafter referred to as Dongfang Tianjin Blade)	15.00
Dongfang Electric Automatic Control Engineering Co., Ltd. (hereinafter referred to as Dongfang Automatic Control)	15.00
Shenzhen Dongfang Boiler Control Co., Ltd. (hereinafter referred to as Dongfang Boiler Control)	15.00
Dongfang Hitachi (Chengdu) Electronic Control Equipment Co., Ltd. (hereinafter referred to as Dongfang Hitachi)	15.00
Dongfang Electric Zhongneng Industrial Control Network Security Technology (Chengdu) Co., Ltd. (hereinafter referred to as Dongfang Zhongneng)	2.50、10.00
Dongfang Electric (Chengdu) Hydrogen Fuel Cell Technology Co., Ltd. (hereinafter referred to as Dongfang Hydrogen Energy)	15.00
Dongfang Electric Group Research Institute of Science and Technology Co., Ltd. (hereinafter referred to as Dongfang Research Institute)	15.00
Dongfang Electric (Indonesia) Co., Ltd. (hereinafter referred to as Dongfang Indonesia)	22.00
Laos Nammong River Power Company Limited (hereinafter referred to as Nammong River Company) (Note 1)	0.00
Other companies within the scope of the merger	25.00

Note 1: According to the Concession Operation Agreement signed between Lam Mong and the Lao Government on January 9, 2013, the applicable corporate income tax rate of Lam Mong River Company is 0.00%.

4.2 Tax preference

1.The company

According to Article 1 of the "Announcement on Continuing the Enterprise Income Tax Policy for the Great Western Development" (Announcement No. 23 [2020] of the Ministry

of Finance, State Administration of Taxation, National Development and Reform Commission), from January 1, 2021 to December 31, 2030, the Enterprises in encouraged industries located in the western region will be levied corporate income tax at a reduced rate of 15%. The term "encouraged industrial enterprises" as mentioned in this article refers to enterprises whose main business is the industrial projects specified in the "Catalogue of Encouraged Industries in the Western Region", and whose main business income accounts for more than 60% of the total enterprise income. The company complies with the preferential conditions and implements the preferential tax rate at 15.00%.

2. Dongfang (Guangzhou) Heavy Machinery Co., Ltd.

On December 2, 2019, it was qualified as a hi-tech enterprise with a 3-year certificate of No. GR201944003468. According to the preferential tax policies for hi-tech enterprises as stated in Law of the people's Republic of China on Enterprise Income Tax, its applicable enterprise income tax rate in 2020 is 15.00%.

3. DongFang Boiler (Group) Co., Ltd.

(1) DongFang Boiler

On December 4, 2017, it was qualified as a hi-tech enterprise with a 3-year certificate of No. GR201751000961. According to the preferential tax policies for hi-tech enterprises as stated in Law of the people's Republic of China on Enterprise Income Tax, its applicable enterprise income tax rate in 2020 is 15.00%.

(2) Dongfang Ketri

In 2021, it has passed the review and filing publicity of the Sichuan Provincial Recognition Management Authority, and the record number of the high-tech enterprise certificate is GR202151003790, according to the provisions of the Enterprise Income Tax Law of the People's Republic of China on the preferential tax policy for high-tech enterprises, the applicable enterprise income tax rate this year is 15.00%.

4. Dongfang Turbine Co., Ltd.

It obtained the high-tech enterprise certification on October 9, 2021, the certificate number is GR202151000898, and the validity period is 3 years. According to the preferential tax policy for high-tech enterprises in the Enterprise Income Tax Law of the People's Republic of China, the applicable enterprise income tax rate for this year is 15.00%.

5. Dongfang Electric Machinery Company Limited

(1) Dongfang Electric

It obtained the high-tech enterprise certification on December 15, 2021, the certificate number is GR202151003466, and the validity period is 3 years. According to the preferential tax policy for high-tech enterprises in the Enterprise Income Tax Law of the People's Republic of China, the applicable enterprise income tax rate for this year is 15.00%.

(3) Dongfang Electric Motor

It obtained the high-tech enterprise certification on November 2, 2022, the certificate number

is GR202251001070, and the validity period is 3 years. According to the preferential tax policy for high-tech enterprises in the Enterprise Income Tax Law of the People's Republic of China, the applicable enterprise income tax rate for this year is 15.00%.

6. Dongfang Electric Wind Power Co., Ltd.

(1) Dongfang Electric Wind

According to the Announcement of the Ministry of Finance, the State Administration of Taxation and the National Development and Reform Commission on the Continuation of the Income Tax Policy for Enterprises in the Large-scale Development of the Western Region (Announcement No. 23 of 2020), from January 1, 2021 to December 31, 2030, enterprise income tax will be levied at a reduced rate of 15% for enterprises in encouraged industries located in the western region. "Encouraged industrial enterprises" as used in this article refers to enterprises whose main business is the industrial projects specified in the Catalogue of Encouraged Industries in the Western Region, and whose main business income accounts for more than 60.00% of the total income of the enterprise. In 2022, the income from industrial projects specified in the "Catalogue of Encouraged Industries in the Western Region" in the main business of Dongfang Wind Power accounted for more than 60.00% of the total income of the enterprise, and enjoyed 15.00% enterprise income tax incentives.

(2) Dongfang Tianjin blades

In December 2022, **Dongfang Tianjin Blade** passed the renewal of the high-tech enterprise certificate and obtained the high-tech enterprise certificate with the number GR202212002710 jointly issued by the Tianjin Science and Technology Commission, the Tianjin Municipal Bureau of Finance, the Tianjin Municipal State Taxation Bureau and the Tianjin Local Taxation Bureau. According to the preferential tax policy for high-tech enterprises in the Enterprise Income Tax Law of the People's Republic of China, the applicable enterprise income tax rate for this year is 15.00%.

7. Dongfang Electric Auto Control Engineering Co., Ltd.

(1) Dongfang Electric Auto Control

On September, 2020, it was qualified as a hi-tech enterprise with a 3-year certificate of No. GR202051000158. According to the preferential tax policies for hi-tech enterprises as stated in Law of the people's Republic of China on Enterprise Income Tax, its applicable enterprise income tax rate in 2019 is 15%. Dongfang Electric Auto Control Engineering Co., Ltd. Dongfang Electric Auto Control Engineering Co., Ltd. and its subsidiaries have obtained the Computer Software Copyright Registration Certificate issued by the National Copyright Administration of the People's Republic of China. According to the relevant provisions of the Circular on Value-added Tax Policy on Software Products (CS [2011] No. 100) issued by the Ministry of Finance and the State Administration of Taxation, Dongfang Electric Auto Control Engineering Co., Ltd. Dongfang

Electric Auto Control Engineering Co., Ltd. and its subsidiaries can enjoy the preferential policy on VAT collection and refund for the part of actual tax burden on sales of self-developed and produced software products that exceeds 3%.

(2) Dongfang Boiler Control Co., Ltd.

It obtained the high-tech enterprise certification on October 23, 2021, the certificate number is GR202144201111, and the validity period is 3 years. According to the preferential tax policy for high-tech enterprises in the Enterprise Income Tax Law of the People's Republic of China, the applicable enterprise income tax rate for this year is 15.00%.

(3) Dongfang Hitachi

It obtained the high-tech enterprise certification on December 15, 2021, the certificate number is GR202151003373, and the validity period is 3 years. According to the preferential tax policy for high-tech enterprises in the Enterprise Income Tax Law of the People's Republic of China, the applicable enterprise 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

It obtained the high-tech enterprise certification in November 2022, the certificate number is GR202251003756, and the validity period is 3 years. According to the preferential tax policy for high-tech enterprises in the Enterprise Income Tax Law of the People's Republic of China, the applicable enterprise income tax rate for this year is 15.00%.

9. Dongfang Research Institute

It obtained the high-tech enterprise certification in November 2021, the certificate number is GR202251003756, and the validity period is 3 years. According to the preferential tax policy for high-tech enterprises in the Enterprise Income Tax Law of the People's Republic of China, the applicable enterprise income tax rate for this year is 15.00%.

10. Dongfang Indonesia

According to the Indonesian local tax law, the tax rate for resident enterprises and permanent establishments in 2022 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

(In addition to the special note, the unit of amount is CNY, Closing balance is December 31, 2022, Opening balance is January 1, 2022, and the end of the previous period refers to December 31, 2021)

5.1 Monetary funds

Items	Closing balance	Opening balance
Cash on hand	1,026,175.33	1,321,721.01
Bank deposits	14,015,870,297.75	18,160,589,159.40
Other monetary funds	1,022,057,939.12	559,963,553.74
Interest receivable not yet due		
Total	15,038,954,412.20	18,721,874,434.15
Including: total amount of deposit abroad	234,424,404.99	185,098,996.30

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

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

Items	Closing balance	Opening balance
Bank deposit reserves	1,988,769,156.52	1,897,006,256.43
L/G deposit	89,250,117.63	79,282,739.69
Performance bond	7,524,185.26	9,535,564.36
Time deposits or call deposits used for guarantees	303,400,000.00	300,000,000.00
Bank acceptance deposit	533,755,784.17	111,972,276.23
Total	2,922,699,243.58	2,397,796,836.71

5.2 Loans to banks and other financial institutions

Items	Closing balance	Opening balance
Loans to non-bank financial institutions	30,000,000.00	2,331,536,400.00

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Items	Closing balance	Opening balance
Loans to domestic non-bank financial institutions	30,000,000.00	2,331,536,400.00
Loans to overseas non-bank financial institutions		
Sub-total	30,000,000.00	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	30,000,000.00	2,331,536,400.00

5.3 Financial assets held for trading

Items	Closing balance	Opening balance
Subtotals of financial assets classified as measured at fair value through the current profit or loss	1,031,815,888.77	1,466,444,004.12
Debt instrument investments	244,867,410.00	349,230,660.00
Equity instrument investments	89,486,850.48	89,074,453.40
Others	697,461,628.29	1,028,138,890.72
Subtotals of financial assets designated as measured at fair value through the current profit or loss		
Debt instrument investments		
Others		
Total	1,031,815,888.77	1,466,444,004.12

Notes to Financial assets held for trading:

1.As at January 1, 2022, the item of “Others” amounting to funds of RMB1,028,138,890.72.

2.As at December 31, 2021, the item of “Others” amounting to funds of RMB 697,461,628.29.

Financial assets held for trading are analyzed as follows:

Items	Closing balance	Opening balance
Listed financial assets		
China (except Hong Kong)	89,415,450.48	89,003,053.40
Sub-total	89,415,450.48	89,003,053.40
Non-listed financial assets	942,400,438.29	1,377,440,950.72
Total	1,031,815,888.77	1,466,444,004.12

Note:

1.The Company holds 1,447,000.00 shares of domestic listing RMB ordinary shares (A-share) without restricted circulation in China XD Electricity Co., Ltd., accounting for 0.0282% of the share capital of the investee;

2.The Company holds 285,400.00 shares of domestic listing RMB ordinary shares (A-share) without restricted circulation in Hubei Energy Group Co., Ltd., accounting for 0.0044% of the share capital of the investee;

3.The Company holds 17,103,154.00 shares of domestic listing RMB ordinary shares (A-share) without restricted circulation in Bank of Communications Co., Ltd., accounting for 0.0230% of the share capital of the investee;

4.The Company holds 301,994.00 shares of domestic listing RMB ordinary shares (A-share) without restricted circulation in Chongqing Iron & Steel Co., Ltd., accounting for 0.0034% of the share capital of the investee;

5.For the above-mentioned trading equity instrument investments, except the fair value of the RMB 71,400.00 equity held by Great Wall West China Bank Co., Ltd. its determined based on the investment cost, the fair values of the rest investments on December 31, 2022 are calculated and determined based on the closing price of the securities market on December 31, 2022.

5.4 Notes receivable

5.4.1 Presentation of the notes receivable by category

Items	Closing balance	Opening balance
Bank acceptance bills	788,513,764.45	2,027,626,050.57
Commercial acceptance bills	471,315,338.77	967,001,481.84
Total	1,259,829,103.22	2,994,627,532.41

5.4.2 Classified listing of provision for bad debts of notes receivable

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

(CONT'D):

Category	Opening balance				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Bank acceptance bills	2,028,204,953.47	65.91	578,902.90	0.03	2,027,626,050.57
Commercial acceptance bills	1,049,231,239.20	34.09	82,229,757.36	7.84	967,001,481.84
Total	3,077,436,192.67	100.00	82,808,660.26	2.69	2,994,627,532.41

5.4.3 Notes receivable endorsed or discounted by the Company as at December 31, 2022 but not expired on the balance sheet date

Items	Amount derecognized as at December 31, 2022	Amount not derecognized as at December 31, 2022
Bank acceptance bills	2,304,961,864.15	116,828,546.93
Commercial acceptance bills	84,038,901.86	97,879,601.38

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Items	Amount derecognized as at December 31, 2022	Amount not derecognized as at December 31, 2022
Total	2,389,000,766.01	214,708,148.31

5.4.4 Notes transferred to accounts receivable as at December 31, 2022 due to the drawer's failure of performing the contract

Items	Amount transferred to accounts receivable as at December 31, 2022
Bank acceptance bills	8,400,000.00
Commercial acceptance bills	6,360,000.00
Total	14,760,000.00

5.5 Accounts receivable

5.5.1 Disclosure of accounts receivable by aging

Aging	Closing balance	Opening balance
Within 1 year	7,186,583,421.99	5,482,435,246.56
1 - 2 years	2,504,180,735.35	1,843,505,123.39
2 - 3 years	1,208,150,000.58	1,189,263,023.78
3 - 4 years	762,150,071.93	624,912,548.77
4 - 5 years	404,728,806.77	571,247,657.81
Over 5 years	2,704,602,440.71	3,171,917,400.95
Sub-total	14,770,395,477.33	12,883,281,001.26
Less: provision for bad debts	4,678,158,294.93	4,896,493,678.68
Total	10,092,237,182.40	7,986,787,322.58

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

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

(CONT'D) :

Category	Opening balance		
	Book balance	Provision for bad debts	Book value

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	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Individual provision for bad debts	2,067,578,479.70	16.05	1,894,495,348.97	91.63	173,083,130.72
Provision for bad debts accrued on a portfolio basis	10,815,702,521.56	83.95	3,001,998,329.71	27.76	7,813,704,191.86
Including:Accounts receivable with provision for bad debts made by portfolios with credit risk characteristics	10,815,702,521.56	83.95	3,001,998,329.71	27.76	7,813,704,191.86
Total	12,883,281,001.26	—	4,896,493,678.68	—	7,986,787,322.58

5.5.3 Individual provision for bad debts

Name	Closing balance			
	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	180,495,456.64	162,445,910.97	90.00	Facing capital shortage or quality problems and cannot be recovered on time
Entity4	152,985,180.00	37,621,405.36	24.59	Facing capital shortage or quality problems and the risk of recovery is greater
Entity5	105,433,857.05	94,890,471.34	90.00	Facing capital shortage or quality problems and cannot be recovered on time
Entity6	98,749,749.04	98,749,749.04	100.00	Facing capital shortage, expected to be difficult to recover
Entity7	84,310,255.67	84,310,255.67	100.00	During bankruptcy liquidation proceedings
Entity8	72,745,660.29	72,745,660.29	100.00	During bankruptcy liquidation proceedings
Entity9	72,082,755.00	72,082,755.00	100.00	During bankruptcy liquidation proceedings
Entity10	71,342,300.00	71,342,300.00	100.00	Facing capital shortage, expected to be difficult to recover
Entity11	66,515,900.00	59,864,310.00	90.00	Facing capital shortage or quality problems and cannot be recovered on time
Entity12	54,190,000.00	48,771,000.00	90.00	Facing capital shortage or quality problems and cannot be recovered on time
Entity13	44,897,735.00	44,897,735.00	100.00	Facing capital shortage, expected to be difficult to recover
Entity14	44,000,926.18	44,000,926.18	100.00	Facing capital shortage, expected to be difficult to recover
Entity15	43,488,580.22	43,488,580.22	100.00	Facing capital shortage, expected to be difficult to recover
Entity16	39,578,000.00	39,578,000.00	100.00	Facing capital shortage, expected to be difficult to recover
Entity17	33,583,613.96	30,225,252.56	90.00	Facing capital shortage or quality problems and cannot be recovered on

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Name	Closing balance			
	Book balance	Provision for bad debts	Proportion of provision (%)	Reason for provision
				time
Entity18	31,300,000.00	31,300,000.00	100.00	Facing capital shortage, expected to be difficult to recover
Entity19	29,195,000.00	29,195,000.00	100.00	Facing capital shortage, expected to be difficult to recover
Entity20	29,046,640.50	29,046,640.50	100.00	Facing capital shortage, expected to be difficult to recover
Entity21	28,485,178.00	28,485,178.00	100.00	During bankruptcy liquidation proceedings
Entity22	27,632,480.00	24,869,232.00	90.00	Facing capital shortage or quality problems and cannot be recovered on time
Entity23	25,592,879.77	23,033,591.79	90.00	Facing capital shortage or quality problems and cannot be recovered on time
Entity24	23,559,878.00	21,203,890.20	90.00	Facing capital shortage or quality problems and cannot be recovered on time
Entity25	22,967,580.00	20,670,822.00	90.00	Facing capital shortage or quality problems and cannot be recovered on time
Entity26	22,113,422.65	19,902,080.39	90.00	Facing capital shortage or quality problems and cannot be recovered on time
Entity27	21,818,776.83	19,636,899.15	90.00	Facing capital shortage or quality problems and cannot be recovered on time
Entity28	21,420,000.00	21,420,000.00	100.00	Facing capital shortage, expected to be difficult to recover
Entity29	20,276,000.00	20,276,000.00	100.00	Facing capital shortage, expected to be difficult to recover
Entity30	19,757,743.60	17,781,969.24	90.00	Facing capital shortage or quality problems and cannot be recovered on time
Entity31	18,605,205.13	16,744,684.62	90.00	Facing capital shortage or quality problems and cannot be recovered on time
Entity32	18,250,000.00	18,250,000.00	100.00	During bankruptcy liquidation proceedings
Entity33	17,319,029.55	17,319,029.55	100.00	During bankruptcy liquidation proceedings
Others	182,895,908.84	182,385,766.07	99.72	
Total	2,238,305,646.15	2,060,205,049.37	92.04	

5.5.4 Provision for bad debts accrued on a portfolio basis

Aging	Closing balance		
	Book balance	Provision for bad debts	Proportion of provision (%)

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Aging	Closing balance		
	Book balance	Provision for bad debts	Proportion of provision (%)
Within 1 year	6,885,982,661.58	344,299,133.39	5.00
1 - 2 years	2,252,999,999.26	225,299,999.98	10.00
2 - 3 years	1,007,619,419.02	201,523,883.85	20.00
3 - 4 years	655,673,065.51	262,269,226.15	40.00
4 - 5 years	290,507,367.44	145,253,683.82	50.00
Over 5 years	1,439,307,318.37	1,439,307,318.37	100.00
Total	12,532,089,831.18	2,617,953,245.56	20.89

5.5.5 Provision for bad debts recovered or reversed

In 2022, the Company accrued RMB 196,857,894.31 as provision for bad debts, and recovered or reversed RMB 260,566,473.50. Reversal or recovery of significant amount of provision for bad debts in 2022 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	35,240,621.62	Customer bankruptcy	Bankruptcy claims are recognized, without the need to return contract liabilities and offset receivables	Reversed
Entity 2	26,700,000.00	Facing capital shortage or quality problems and cannot be recovered on time	The owner's financial situation has improved or the project situation has improved	Recovered
Entity 3	22,967,580.00	Facing capital shortage or quality problems and cannot be recovered on time	The owner's financial situation has improved or the project situation has improved	Recovered
Entity4	17,076,000.00	Facing capital shortage or quality problems and cannot be recovered on time	The owner's financial situation has improved or the project situation has improved	Recovered
Entity5	15,990,250.96	Facing capital shortage or quality problems and cannot be recovered on time	The owner's financial situation has improved or the project situation has improved	Recovered
Entity6	13,984,601.35	Customer bankruptcy	Liquidation	Recovered
Entity7	12,741,120.00	Facing capital shortage or quality problems and cannot be recovered on time	The owner's financial situation has improved or the project situation has improved	Recovered
Entity8	11,901,715.48	Facing capital shortage or quality problems and cannot be recovered on time	The owner's financial situation has improved or the project situation has improved	Recovered
Entity9	10,896,330.00	Customer bankruptcy	The owner's financial situation has improved or the project situation has improved	Reversed
Entity10	10,080,122.00	Facing capital shortage or quality problems and cannot be recovered on time	The owner's financial situation has improved or the project situation has improved	Reversed
Entity11	10,000,000.00	Facing capital shortage or quality problems and cannot be recovered on time	The owner's financial situation has improved or the project situation has improved	Reversed

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Entity name	Amount recovered or reversed	Basis and reasonability for recognizing the original provision for bad debts	Reason for reversal or recovery	Method for recovery
Total	187,578,341.41			

5.5.6 Accounts receivable actually charged off in 2021

Item	Amount charged off
Accounts receivable actually charged off	149,595,651.01

Charge-off of significant accounts receivable:

Entity name	Nature of accounts receivable	Amount charged off	Reason for charge-off	Charge-off procedures performed	Whether it is due to related party transactions
Daqing High-tech Industrial Development Zone Dafeng Construction and Installation Co., Ltd	Payment	53,178,031.28	No enforcement property	Approved by the board of directors of Dongfang Steam Turbine	No
Dongfang Electric (Hulunbuir) New Energy Co., Ltd	Payment	50,122,111.64	Bankruptcy liquidation	Approved by the board of directors of Dongfang Steam Turbin	No
Wuhan Kaidi Power Engineering Co., Ltd	Payment	37,650,000.00	No enforcement property	Approved by the board of directors of Dongfang Steam Turbin	No
Yunnan Dianneng Maitreya Power Generation Co., Ltd	Payment	2,868,536.00	No enforcement property	Approved by the board of directors of Dongfang Steam Turbin	No
Xinjiang Hongyanchi Power Plant	Payment	1,063,847.19	Legal judgments	Approved by the board of directors of Dongfang Steam Turbin	No
Total		144,882,526.11			

5.5.7 Top 5 of accounts receivable as at December 31, 2022, presented by debtor

Entity name	Closing balance	Proportion in the total accounts receivable (%)	Provision for bad debts
Entity 1	306,562,559.25	2.08	306,562,559.25
Entity 2	259,278,897.77	1.76	15,200,036.68
Entity 3	236,283,433.46	1.60	81,181,130.25
Entity 4	226,472,340.04	1.53	34,240,377.03
Entity 5	225,715,046.64	1.53	166,218,790.47
Total	1,254,312,277.16	—	603,402,893.68

5.6 Receivables financing

5.6.1 Presentation of receivables financing by category

Items	Closing balance	Opening balance
Notes receivable	1,553,557,305.66	1,342,379,048.57

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Items	Closing balance	Opening balance
Total	1,553,557,305.66	1,342,379,048.57

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

5.6.2. Changes in the increase or decrease of receivables financing in the current period and changes in fair value

Items	Opening balance		Increase or decrease the amount of change in the current period		Closing balance	
	Cost	Changes in fair value	Cost	Changes in fair value	Cost	Changes in fair value
Notes receivable	1,342,379,048.57		211,178,257.09		1,553,557,305.66	
Total	1,342,379,048.57		211,178,257.09		1,553,557,305.66	

5.6.3 Receivables financing endorsed or discounted by the Company as at December 31, 2022 but not expired on the balance sheet date

Item	Amount derecognized as at December 31, 2022	Amount not derecognized as at December 31, 2022
Bank acceptance bills	851,871,425.37	
Commercial acceptance bills	62,610,166.50	
Total	914,481,591.87	

5.7 Advances to suppliers

5.7.1 Presentation of advances to suppliers by aging

Aging	Closing balance		Opening balance	
	Book balance	Proportion (%)	Book balance	Proportion (%)
Within 1 year	4,700,302,394.52	85.69	2,949,222,009.57	81.11
1 - 2 years	480,915,261.65	8.77	308,611,691.97	8.49
2 - 3 years	131,841,011.17	2.40	207,225,711.15	5.70
Over 3 years	172,253,436.28	3.14	170,945,807.26	4.70
Total	5,485,312,103.62	100.00	3,636,005,219.95	100.00

5.7.2. An explanation of the reasons why the prepayment with an important amount of money is not settled in time

Entity name	Closing balance	Aging	The reason for not being settlement in time
Entity 1	78,970,593.66	1-5years	Settlement conditions have not met
Entity 2	74,334,312.34	1-2years	Settlement conditions have not met
Entity 3	40,733,419.72	1-4years	Settlement conditions have not met
Entity4	39,198,361.36	1-4years	Settlement conditions have not met
Entity5	30,386,704.08	1-2years	Settlement conditions have not met

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Entity name	Closing balance	Aging	The reason for not being settlement in time
Entity6	25,647,480.24	3-4years	Settlement conditions have not met
Entity7	25,545,182.01	1-3years	Settlement conditions have not met
Entity8	21,336,742.51	1-2years	Settlement conditions have not met
Entity9	20,000,000.00	1-2years	Settlement conditions have not met
Total	356,152,795.92		

5.7.3 Top 5 of advances to suppliers as at December 31, 2022, presented by supplier

Entity name	Closing balance	Proportion in the total advances to suppliers (%)	Prepayment time	The reason for not being settlement in time
Entity 1	447,220,561.46	8.15	year2022、2021	Settlement conditions have not met
Entity 2	331,872,130.25	6.05	year2022	Settlement conditions have not met
Entity 3	260,515,836.83	4.75	year2022	Settlement conditions have not met
Entity4	245,650,197.60	4.48	year2022	Settlement conditions have not met
Entity5	166,218,548.76	3.03	year2022、year2021、year2019	Settlement conditions have not met
Total	1,451,477,274.90	26.46		

5.8 Other receivables

Items	Closing balance	Opening balance
Interest receivable	44,123,162.89	215,623,964.55
Dividends receivable	24,482,648.69	29,522,398.50
Other receivable	439,761,842.68	362,294,116.76
Total	508,367,654.26	607,440,479.81

5.8.1 Interest receivable

Items	Closing balance	Opening balance
Time deposit	6,713,897.91	168,010,352.43
Bond investment	19,067,401.96	18,596,565.57
Interest on financial assets purchased under resale agreements	18,341,863.02	28,980,356.14
Others		36,690.41
Sub-total	44,123,162.89	215,623,964.55
Less: provision for bad debts		
Total	44,123,162.89	215,623,964.55

5.8.2 Dividends receivable

(1) Details of dividends receivable

Items	Closing balance	Opening balance
Within 1 year	12,254,555.63	
Over 1 year	19,517,032.10	29,522,398.50
Sub-total	31,771,587.73	29,522,398.50
Less: provision for bad debts	7,288,939.04	
Total	24,482,648.69	29,522,398.50

(2) Significant dividends receivable with aging over one year

Investee units	Balance as at December 31, 2022	Aging	Reason for non-recovery	Whether impairment or not and the judgment basis
Huadian Longkou Wind Power Co., Ltd. (hereinafter referred to as Longkou Wind Power)	5,210,684.23	1-3year	The investee unit's funds are tight	No, paid upon receipt of state subsidy
Inner Mongolia Energy Power Generation Red Mud Well Wind Power Co., Ltd. (hereinafter referred to as Red Mud Well Wind Power)	7,017,408.83	1-3year	The investee unit's funds are tight	No, paid upon receipt of state subsidy
Inner Mongolia Mengneng Wulan New Energy Co., Ltd. (hereinafter referred to as Ulan New Energy)	3,828,807.76	2-3year	The investee unit has financial difficulties	Yes
Inner Mongolia Mengneng Sansheng Tai Wind Power Co., Ltd. (hereinafter referred to as Sansheng Tai Wind Power)	3,460,131.28	2-3year	The investee unit has financial difficulties	Yes
Total	19,517,032.10			

(3) Provision for bad debts of dividends receivable

Provision for bad debts	Phase 1	Phase 2	Phase 3	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment)	
Balance as at December 31, 2021				
In 2021, balance as at December 31, 2021				
- Transfer to Phase 2				
- Transfer to Phase 3				
- Reversal from Phase 2				
- Reversal from Phase 1				

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Provision for bad debts	Phase 1	Phase 2	Phase 3	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment)	
Provision in 2022	7,288,939.04			7,288,939.04
Reversal in 2022				
Write-off in 2022				
Charge-off in 2022				
Other changes				
Balance as at December 31, 2022	7,288,939.04			7,288,939.04

5.8.3 Other receivables

(1) Disclosure by aging

Aging	Closing balance	Opening balance
Within 1 year	395,303,973.92	335,106,633.72
1 - 2 years	70,726,322.83	39,415,318.04
2 - 3 years	7,838,073.32	25,599,500.29
3 - 4 years	20,618,544.05	9,231,760.54
4 - 5 years	5,128,437.80	11,297,006.85
Over 5 years	239,371,031.04	241,355,086.70
Sub-total	738,986,382.96	662,005,306.14
Less: provision for bad debts	299,224,540.28	299,711,189.38
Total	439,761,842.68	362,294,116.76

(2) Classification according to the nature

Nature of payment	Closing balance	Opening balance
Guarantee and quality guarantee fund	151,979,781.82	102,513,379.83
Reserve fund	113,244,907.69	91,231,341.55
Advance payment	35,646,520.72	38,804,015.78
Other operating business receivables	43,099,063.88	70,119,500.17
Others	95,791,568.57	59,625,879.43
Total	439,761,842.68	362,294,116.76

(3) Disclosure by category

Category	Closing balance		
	Book balance	Provision for bad debts	Book value

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

(CONT'D) :

Category	Opening balance				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Individual provision for bad debts	212,550,662.03	32.11	187,620,973.64	88.27	24,929,688.39
Provision for bad debts accrued on a portfolio basis	449,454,644.11	67.89	112,090,215.74	24.94	337,364,428.37
Including:					
Other receivables with the provision for bad debts made on a portfolio with credit risk characteristics	449,454,644.11	67.89	112,090,215.74	24.94	337,364,428.37
Total	662,005,306.14	100.00	299,711,189.38	45.27	362,294,116.76

(4) Individual provision for bad debts

Name	Closing balance			
	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	Litigation stage
Entity 3	12,327,367.50			Performance bond paid to the government
Entity 4	10,180,300.00			There is no risk for government departments
Entity 5	2,845,136.58	2,845,136.58	100.00	During bankruptcy liquidation proceedings
Entity 6	1,999,997.14	1,999,997.14	100.00	Expected to be difficult to recover
Entity 7	1,872,243.46	1,872,243.46	100.00	Expected to be difficult to recover
Entity 8	1,565,179.69	1,565,179.69	100.00	Expected to be difficult to recover
Others	4,855,553.45	3,535,336.01	72.81	Expected to be difficult to recover
Total	203,465,091.88	179,637,206.94	88.29	

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(5)Provision for bad debts accrued on a portfolio basis

Ages	Closing balance		
	Book balance	Provision for bad debts	Proportion of provision (%)
Within 1 year	369,109,432.47	18,455,469.25	5.00
1 - 2 years	48,971,322.83	4,897,132.27	10.00
2 - 3 years	7,838,073.32	1,567,614.66	20.00
3 - 4 years	20,618,544.05	8,247,417.62	40.00
4 - 5 years	5,128,437.80	2,564,218.93	50.00
Over 5 years	83,855,480.61	83,855,480.61	100.00
Total	535,521,291.08	119,587,333.34	22.33

(6)Provision for bad debts of Other receivable

Provision for bad debts	Phase 1	Phase 2	Phase 3	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment)	
Balance as at December 31, 2021	112,090,215.74		187,620,973.64	299,711,189.38
In 2022, balance as at December 31, 2021	—	—	—	—
- Transfer to Phase 2				
- Transfer to Phase 3				
- Reversal from Phase 2				
- Reversal from Phase 1				
Provision in 2022	11,048,365.90		13,338,542.30	24,386,908.20
Reversal in 2022			10,029,041.44	10,029,041.44
Write-off in 2022				
Charge-off in 2022	3,551,248.30		11,293,267.56	14,844,515.86
Other changes				
Balance as at December 31, 2022	119,587,333.34		179,637,206.94	299,224,540.28

Significant amount for the reversal or recovery of bad debts in the current period

Entity name	Amount recovered or reversed	Method for recovery	Note
Entity 1	10,029,041.44	Recovered	Write-off of estimated liabilities
Total	10,029,041.44		

(7)Other receivables actually charged off in 2022

Item	Amount charged off
Other receivables actually written off	14,844,515.86

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Write-off of significant amount of other receivables:

Entity name	Nature of other receivables	Amount written off	Reason for write-off	Write-off procedures performed	Whether it is due to related party transactions
Dongfang Electric (Hulunbuir) New Energy Co., Ltd	Bankruptcy claims	11,293,267.56	The other unit is officially cancelled	Approved by the Board of Directors of DongfangWind Power	No
Total		11,293,267.56			

(8)Top 5 of other receivables as at December 31, 2022, presented by debtor

Entity name	Nature of payment	Balance as at December 31, 2022	Aging	Proportion in the total ending balance of other receivables (%)	Ending balance of provision for bad debts
Entity 1	Investment funds	146,064,314.06	Over 5 years	19.77	146,064,314.06
Entity 2	Other operating business receivables	24,076,505.72	Within 1 year	3.26	1,203,825.29
Entity 3	Others	21,755,000.00	1-2year	2.94	21,755,000.00
Entity 4	Margin and warranty	20,000,000.00	Within 1 year	2.71	1,000,000.00
Entity 5	Others	19,500,000.00	Over 5 years	2.64	19,500,000.00
Total		231,395,819.78		31.31	189,523,139.35

(9)Other receivables involving government grants

None.

5.9 Financial assets purchased under resale agreements

Items	Closing balance	Opening balance
Bond	1,390,000,000.00	2,827,514,000.00
Less: provision for bad debts		
Book value of the financial assets purchased under	1,390,000,000.00	2,827,514,000.00

5.10Inventories

5.10.1Classification of inventories

Items	Closing balance			Opening balance		
	Book balance	Provision for depreciation of inventories/ provision for impairment of contract performance cost	Book value	Book balance	Provision for depreciation of inventories/ provision for impairment of contract performance cost	Book value

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Items	Closing balance			Opening balance		
	Book balance	Provision for depreciation of inventories/ provision for impairment of contract performance cost	Book value	Book balance	Provision for depreciation of inventories/ provision for impairment of contract performance cost	Book value
Raw materials	3,552,972,645.93	349,258,496.18	3,203,714,149.75	3,069,003,779.32	387,897,201.70	2,681,106,577.62
Revolving materials (packaging materials, low-cost consumables, etc.)	41,668,752.15	1,512,675.97	40,156,076.18	41,400,712.79	1,423,860.71	39,976,852.08
Stock commodities (finished goods)	492,436,551.04	275,964.27	492,160,586.77	309,157,314.71	275,964.27	308,881,350.44
Contract performance cost	158,300,007.12	8,200,000.00	150,100,007.12	106,907,583.63	5,000,000.00	101,907,583.63
Self-manufactured semi-finished products and goods in process	15,652,966,230.47	1,083,837,155.49	14,569,129,074.98	17,033,145,400.53	1,102,584,921.42	15,930,560,479.11
Total	19,898,344,186.71	1,443,084,291.91	18,455,259,894.80	20,559,614,790.98	1,497,181,948.10	19,062,432,842.88

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

Items	Opening balance	Increase in 2022		Decrease in 2021			Closing balance
		Provision	Others	Reversal	Write-off	Others	
Raw materials	387,897,201.70	43,334,628.00		19,215,438.85	62,757,894.67		349,258,496.18
Revolving materials (packaging materials, low-cost consumables, etc.)	1,423,860.71	91,418.26			2,603.00		1,512,675.97
Stock commodities (finished goods)	275,964.27						275,964.27
Contract performance cost	5,000,000.00	10,700,000.00			7,500,000.00		8,200,000.00
Self-manufactured semi-finished products and goods in process	1,102,584,921.42	164,651,331.95			183,399,097.88		1,083,837,155.49

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Items	Opening balance	Increase in 2022		Decrease in 2021			Closing balance
		Provision	Others	Reversal	Write-off	Others	
Total	1,497,181,948.10	218,777,378.21		19,215,438.85	253,659,595.55		1,443,084,291.91

5.11 Contract assets

5.11.1 Breakdown of Contract assets

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Payments for completed but not settled project	6,309,097,773.39	87,753,568.97	6,221,344,204.42	4,836,297,691.35	167,026,024.01	4,669,271,667.34
Contract quality guarantee deposit	4,830,193,438.57	366,133,315.33	4,464,060,123.24	3,607,264,694.70	296,637,434.17	3,310,627,260.53
Total	11,139,291,211.96	453,886,884.30	10,685,404,327.66	8,443,562,386.05	463,663,458.18	7,979,898,927.87

5.11.2 Provision for impairment of contract assets in 2022

Items	Opening balance	Changes in the current period				Closing balance
		Provision in 2022	Reversal in 2022	Write-off/Charge-off in 2022	Others	
Payments for completed but not settled project	167,026,024.01	-79,272,455.04				87,753,568.97
Contract quality guarantee deposit	296,637,434.17	69,495,881.16				366,133,315.33
Total	463,663,458.18	-9,776,573.88				453,886,884.30

5.12 Non-current assets maturing within one year

Items	Closing balance	Opening balance
Long-term receivables are reclassified to non-current assets maturing within one year	931,706,413.91	57,404,867.28
Total	931,706,413.91	57,404,867.28

5.13 Other current asset

Items	Closing balance	Opening balance
Prepaid taxes and overpaid taxes	498,336,489.85	347,272,737.19
Disbursement of loans and advances (short-term)	406,278,516.99	442,857,284.39
Discount assets	34,116,789.04	46,837,900.06
Others	8,694,540.96	3,296,457.78
Total	947,426,336.84	840,264,379.42

5.14 Disbursement of loans and advances

5.14.1 Loans and advances, presented by individual and enterprise

Items	Closing balance	Opening balance
Loans and advances to enterprises	4,613,604,249.23	3,431,167,799.46
Loans	4,613,604,249.23	3,431,167,799.46
Total loans and advances	4,613,604,249.23	3,431,167,799.46
Less: Provision for losses on loans	64,820,326.93	190,169,281.30
Including: Individual provision		
Provision made on portfolio basis	64,820,326.93	190,169,281.30
Book value of loans and advances	4,548,783,922.30	3,240,998,518.16

5.14.2 Loans and advances, presented by industry

Items	Closing balance	Proportion (%)	Opening balance	Proportion (%)
Power equipment industry	4,613,604,249.23	100.00	3,431,167,799.46	100.00
Total loans and advances	4,613,604,249.23	100.00	3,431,167,799.46	100.00
Less: provision for losses on loans	64,820,326.93		190,169,281.30	
Including: individual provision				
Provision made on portfolio basis	64,820,326.93		190,169,281.30	
Book value of loans and advances	4,548,783,922.30		3,240,998,518.16	

5.14.3 Loans and advances, presented by region

Region	Closing balance	Proportion (%)	Opening balance	Proportion (%)
South China	660,239,512.89	14.31	1,362,360,208.67	39.71
Southwest China	2,100,000,000.00	45.52	1,641,159,969.71	47.83
Northwest China			86,500,000.00	2.52
Eastern China	913,691,621.08	19.80	341,147,621.08	9.94
North China	570,264,000.00	12.36		
Other regions	369,409,115.26	8.01		
Total loans and advances	4,613,604,249.23	100.00	3,431,167,799.46	100.00
Less: provision for losses on loans	64,820,326.93		190,169,281.30	
Including: individual provision				
Provision made on portfolio basis	64,820,326.93		190,169,281.30	
Book value of loans and advances	4,548,783,922.30		3,240,998,518.16	

5.14.4 Loans and advances, presented by guaranty style

Items	Closing balance	Opening balance
Credit loans	4,556,884,249.23	3,297,947,799.46
Guaranteed loans		48,000,000.00

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Items	Closing balance	Opening balance
Collateral loans	56,720,000.00	85,220,000.00
Including: mortgage loans		7,000,000.00
Pledged loans	56,720,000.00	78,220,000.00
Total loans and advances	4,613,604,249.23	3,431,167,799.46
Less: Allowance for loan losses	64,820,326.93	190,169,281.30
Including: individual provision		
Provision made on portfolio basis	64,820,326.93	190,169,281.30
Book value of loans and advances	4,548,783,922.30	3,240,998,518.16

5.14.5 Provision for losses on loans

Items	Closing balance		Opening balance	
	Individual	Portfolio	Individual	Portfolio
Balance as at January 1, 2022		190,169,281.30		189,531,730.47
Provision in 2022		-125,348,954.37		637,550.83
Transfer-out in 2022				
Charge-off in 2022				
Reversal in 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 December 31, 2022		64,820,326.93		190,169,281.30

5.15 Debt investments

5.15.1 Breakdown of debt investments

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Corporate bonds	790,000,000.00	45,000,000.00	745,000,000.00	390,000,000.00	15,000,000.00	375,000,000.00
Medium term notes				100,000,000.00	7,500,000.00	92,500,000.00
Interbank deposit certificate	24,337,025,031.70		24,337,025,031.70	11,872,308,801.06		11,872,308,801.06
Asset backed notes	22,275,000.00	1,670,625.00	20,604,375.00	246,351,000.00	18,476,325.00	227,874,675.00
Private targeted debt financing instrument	100,000,000.00	7,500,000.00	92,500,000.00	100,000,000.00	7,500,000.00	92,500,000.00

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Items	Closing balance			Opening balance		
Financial debt	200,000,000.00	15,000,000.00	185,000,000.00			
subtotal	25,449,300,031.70	69,170,625.00	25,380,129,406.70	12,708,659,801.06	48,476,325.00	12,660,183,476.06
Less: Debt investments due within one year						
Total	25,449,300,031.70	69,170,625.00	25,380,129,406.70	12,708,659,801.06	48,476,325.00	12,660,183,476.06

5.15.2 Provision for impairment of debt 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 2021, balance as at December 31, 2022	48,476,325.00			48,476,325.00
- Transfer to Phase 2				
- Transfer to Phase 3				
- Reversal from Phase 2				
- Reversal from Phase 1				
Provision in 2022	20,694,300.00			20,694,300.00
Reversal in 2022				
Write-off in 2022				
Charge-off in 2022				
Other changes				
Balance as at December 31, 2022	69,170,625.00			69,170,625.00

Changes in the book balance of creditor's right investments are as follows

Book balance	Phase 1	Phase 2	Phase 3	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment)	
Balance as at December 31, 2021	12,708,659,801.06			12,708,659,801.06
In 2019, balance as at December 31, 2021	12,708,659,801.06			12,708,659,801.06
- Transfer to Phase 2				

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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)	
- Transfer to Phase 3				
- Reversal from Phase 2				
- Reversal from Phase 1				
Increase in 2021	12,740,640,230.64			12,740,640,230.64
Direct write-down in 2021				
Derecognition in 2022				
Other changes				
Balance as at December 31, 2022	25,449,300,031.70			25,449,300,031.70

5.16 Long-term receivables

Item	Closing balance			Opening balance			Range of discount rate
	Book balance	Provision for bad debts	Book value	Book balance	Provision for bad debts	Book value	
Finance lease payment	94,611,810.73	22,802,501.70	71,809,309.03	145,610,151.38	30,452,252.79	115,157,898.59	
Including: unrealized financing income	15,007,781.25		15,007,781.25	36,023,047.64		36,023,047.64	
Installment proceeds from sale of goods	109,983,605.44	6,702,478.64	103,281,126.80	461,813,983.88	24,695,220.50	437,118,763.38	
Total	204,595,416.17	29,504,980.34	175,090,435.83	607,424,135.26	55,147,473.29	552,276,661.97	

5.16.1 Provision for bad debts of long-term receivables

Provision for impairment	Phase 1	Phase 2	Phase 3	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment)	
Balance as at December 31, 2021	24,695,220.50	30,452,252.79		55,147,473.29
In 2021, balance as at December 31, 2021	—	—	—	—
- Transfer to Phase 2				
- Transfer to Phase 3				

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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)	
- Reversal from Phase 2				
- Reversal from Phase 1				
Provision in 2022	4,809,759.84			4,809,759.84
Reversal in 2022		30,452,252.79		30,452,252.79
Write-off in 2022				
Charge-off in 2022				
Other changes				
Balance as at December 31, 2022	29,504,980.34			29,504,980.34

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5.17 Long-term equity investments

Investee	Balance as at December 31, 2021	Increases/decreases in 2022								Balance as at December 31, 2022	Provision for bad debts as at December 31, 2022
		Additional investment	Decrease in 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		
一、Joint ventures											
Framatome											
Dongfang Reactor Coolant Pumps Company Limited	223,419,811.55			19,695,673.97			21,712,801.41			221,402,684.11	
MHPS Dongfang Boiler Co. Ltd.	202,366,572.06			9,177,922.72		643,722.37	2,642,181.57			209,546,035.58	
Dongfang Electric (Xichang) Hydrogen Energy Co., Ltd.	6,130,622.32			-469,682.54						5,660,939.78	
Sub-total	431,917,005.93			28,403,914.15		643,722.37	24,354,982.98			436,609,659.47	
二、Associates											
Mitsubishi Heavy Industries Gas Dongfang Turbine (Guangzhou) Co., Ltd.	503,834,471.10			127,791,106.60			131,146,215.00		354,301.56	500,833,664.26	
Sichuan Dongshu New Materials Co., Ltd.	207,206,689.21			561,204.83	84,679.19	-1,364,730.78	15,003,624.00		-2,487,568.44	188,996,650.01	
Deyang Guangda Dongqi New	291,044,864.55			12,659,902.45					23,041,972.31	326,746,739.31	

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Investee	Balance as at December 31, 2021	Increases/decreases in 2022							Balance as at December 31, 2022	Provision for bad debts as at December 31, 2022
		Additional investment	Decrease in 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		
Material Co., Ltd. (hereinafter referred to as Deyang Guangda Sichuan Energy Wind Power Development Co., Ltd.	537,550,972.87			121,849,870.49		5,295,404.84			664,696,248.20	
Huadian Longkou Wind Power Co., Ltd.	75,395,022.08			10,803,106.87			9,185,537.56		77,012,591.39	
China United Heavy Gas Turbine Technology Co., Ltd.	131,398,795.38			18,011.81					131,416,807.19	
Inner Mongolia Energy Power Generation Hongnijing Wind Power Co., Ltd.	23,435,950.00			1,064,430.91			3,069,018.07		21,431,362.84	
Inner Mongolia	14,902,607.53			-1,176,636.06				13,725,971.47	13,725,971.47	13,725,971.47

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Investee	Balance as at December 31, 2021	Increases/decreases in 2022							Balance as at December 31, 2022	Provision for bad debts as at December 31, 2022
		Additional investment	Decrease in 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		
Mengneng Sanshengtai Wind Power Co., Ltd.										
Inner Mongolia Mengneng Ulan New Energy Co., Ltd.	38,715,768.04			-4,924,446.15				27,120,000.00	33,791,321.89	27,120,000.00
Leshan Dongle Dajian Lifting Co., Ltd.	2,939,325.69			1,655,899.88					4,595,225.57	
Hunan Ping An Environmental Protection Co., Ltd.	29,190,000.00			3,039,998.88					32,229,998.88	
Dongfang Zhongheng (Chengdu) New Energy Technology Co., Ltd.		5,000,000.00		-1,088.79					4,998,911.21	
Liangshan Fengguang New	2,062,250.31			19,920.24					2,082,170.55	

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Investee	Balance as at December 31, 2021	Increases/decreases in 2022							Balance as at December 31, 2022	Provision for bad debts as at December 31, 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	
Energy Operation and Maintenance Co., Ltd										
Sub-total	1,857,676,716. 76	5,000,000.0 0		273,361,281.96	84,679.19	3,930,674.0 6	158,404,394.63	40,845,971.4 7	20,908,705.4 3	40,845,971.47
Total	2,289,593,722. 69	5,000,000.0 0		301,765,196.11	84,679.19	4,574,396.4 3	182,759,377.61	40,845,971.4 7	20,908,705.4 3	40,845,971.47

5.18 Other equity instrument investments

5.18.1 Breakdown of other equity instrument investments

Items	Closing balance	Opening balance
Sichuan Chuannan High-grade Highway Development 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 Technology Co., Ltd	5,000,000.00	
China Southern Power Grid Energy Storage Co., Ltd	571,019,010.30	
Total	643,319,010.30	52,300,000.00

5.18.2 Breakdown of non-tradable equity instrument investments

Item	Reasons for financial assets designated to be measured at fair value through other comprehensive income	Dividend income recognized in the current period	Accumulated gains	Accumulated losses	Amount of other comprehensive income transferred to retained earnings	Reasons for other comprehensive income transferred to retained earnings
China Southern Power Grid Energy Storage Co., Ltd	Judgment based on management intention		31,019,016.51			
Sichuan Huatian Group Co., Ltd	Judgment based on management intention			81,914.82	-81,914.82	
Sichuan Chuannan High-grade Highway Development Co., Ltd	Judgment based on management intention		30,000.00			
Total			31,049,016.51	81,914.82	-81,914.82	

5.19 Investment properties

5.19.1 Investment properties measured under cost model

Item	Buildings and constructions	Land use right	Total
1. Original book value	—	—	—
(1) Balance as at December 31, 2021	250,188,128.75	18,811,826.12	268,999,954.87
(2) Increase in 2022	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 2022			
- Disposal			
- Other changes			
(4) Balance as at December 31, 2022	251,312,596.29	18,811,826.12	270,124,422.41
2. Accumulated	—	—	—

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Item	Buildings and constructions	Land use right	Total
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 2022	9,719,416.71	443,288.49	10,162,705.20
- Provision or amortization	9,719,416.71	443,288.49	10,162,705.20
- Other changes			
(3) Decrease in 2022			
- Disposal			
- Other changes			
(4) Balance as at December 31, 2022	115,072,206.44	6,430,378.62	121,502,585.06
3. Provision for impairment	—	—	—
(1) Balance as at December 31, 2021			
(2) Increase in 2022			
- Provision			
- Other changes			
(3) Decrease in 2022			
- Disposal			
- Other transfer-out			
(4) Balance as at December 31, 2022			
4. Book value	—	—	—
(1) Book value as at December 31, 2022	136,240,389.85	12,381,447.50	148,621,837.35
(2) Book value as at December 31, 2021	144,835,339.02	12,824,735.99	157,660,075.01

5.19.2 Investment properties with certificates of title uncompleted

None.

5.20 Fixed assets

Items	Closing balance	Opening balance
Fixed assets	4,875,793,750.16	4,965,639,834.01
Disposal of fixed assets	364,182.01	226,881.88
Total	4,876,157,932.17	4,965,866,715.89

Note: The fixed assets in the above table refer to the fixed assets after deduction of fixed assets.

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5.20.1 Fixed assets

(1) Breakdown of fixed assets

Item	Land assets	Buildings and constructions	Machinery equipment	Transportation facilities	Instrument and apparatus, electronic equipment and others	Total
1 Original book value						
(1) Balance as at December 31, 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 2022		66,909,478.92	331,636,254.91	15,179,146.81	177,416,719.32	591,141,599.96
- Purchase		22,435,351.53	61,408,815.16	3,927,183.28	54,620,826.42	142,392,176.39
- Transfer-in of construction in progress		44,466,312.30	270,227,439.75	10,988,374.65	122,764,824.03	448,446,950.73
- Foreign currency statement translation differences						
- Other increases		7,815.09		224,244.29	647.79	224,892.08
(3) Decrease in 2022		79,242,567.41	130,268,041.41	39,344.59	30,421.08	77,580.76
- Disposal or scrapping		79,242,567.41	128,067,817.26	16,639,046.33	81,024,961.05	304,974,392.05
- Other decreases			2,200,224.15		5,725,569.41	7,925,793.56
(4) Balance as at December 31, 2022	17,915,996.06	6,903,485,799.84	8,538,561,877.24	311,414,012.51	1,647,592,016.70	17,418,969,702.35
2. 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 2022		299,212,424.27	200,856,943.53	11,152,582.99	118,728,784.28	629,950,735.07
- Provision		299,212,424.27	200,856,943.53	11,113,238.40	118,696,127.24	629,878,733.44
- Other increases		0.00		39,344.59	32,657.04	72,001.63
(3) Decrease in 2022		38,943,172.06	107,117,645.07	15,966,063.58	81,588,141.39	243,615,022.10
- Disposal or scrapping		38,943,172.06	105,023,498.85	15,966,063.58	76,148,850.46	236,081,584.95

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Item	Land assets	Buildings and constructions	Machinery equipment	Transportation facilities	Instrument and apparatus, electronic equipment and others	Total
- Other decreases			2,094,146.22		5,439,290.93	7,533,437.15
(4) Balance as at December 31, 2022		3,921,257,379.28	7,032,780,415.89	246,260,799.68	1,208,325,730.14	12,408,624,324.99
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 2022			1,939,867.06		30,866.55	1,970,733.61
- Provision			1,939,867.06		30,866.55	1,970,733.61
- Other increases						
(3) Decrease in 2021			18,184,808.05	2,462.04	2,031,678.29	20,218,948.38
-Disposal or scrapping			18,184,808.05	2,462.04	2,014,002.86	20,201,272.95
- Other decreases					17,675.43	17,675.43
(4) Balance as at December 31, 2022		86,088,944.90	41,068,461.23	109,605.82	7,284,615.25	134,551,627.20
4. Book value	--	--	--	--	--	--
(1) Book value as at December 31, 2022	17,915,996.06	2,896,139,475.66	1,464,713,000.12	65,043,607.01	431,981,671.31	4,875,793,750.16
(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

Note: The land assets in the fixed assets of the Company on December 31, 2021 are the land ownership obtained by Indian companies in India.

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(2) Temporarily idle fixed assets

Item	Original book value	Accumulated depreciation	Provision for impairment	Book value	Notes
Buildings and constructions	17,617,465.49	10,489,851.78	658,810.15	6,468,803.56	房屋、建筑物
Machinery equipment	33,628,249.59	29,681,799.90	2,581,476.69	1,364,973.00	机器设备
Transportation facilities	3,242,811.10	3,023,044.89		219,766.21	运输工具
Instrument and apparatus	5,291,909.20	1,828,322.54	2,972,265.34	491,321.32	仪器仪表
Electronic Equipment	1,081,611.91	1,027,531.31		54,080.60	电子设备
Others	3,792,647.12	3,506,671.13	33,736.45	252,239.54	其他
Total	64,654,694.41	49,557,221.55	6,246,288.63	8,851,184.23	

(3) Fixed assets leased out through operating lease

Item	Book value as at December 31, 2022
Buildings and constructions	57,623,745.90
Machinery equipment	3,295,449.22
Transportation facilities	175,536.66
Instrument and apparatus、electronic equipment and Others	560,006.17
Total	61,654,737.95

(4) Fixed assets with certificates of title uncompleted

Item	Book value	Reason for failure to complete the formalities for the certificate of title
No. 2 building in Chengdu	81,773,540.96	It is going through the formaliti
J-379 second staff canteen	14,621,295.53	It is going through the formaliti
J-376 new technology building	10,582,442.77	It is going through the formaliti
J-378 staff canteen	9,936,112.85	It is going through the formaliti
Hulunbuir Production Base Phase I (Office Plant)	7,651,393.54	It is going through the formaliti
Hulunbuir Production Base Phase I (Office Building)	7,651,393.54	It is going through the formaliti
J-375 hydraulic laboratory	6,017,824.40	It is going through the formaliti
J-373 second overspeed laboratory	4,303,775.02	It is going through the formaliti
J-380110KV transformer station control building	3,622,709.28	It is going through the formaliti
Hot factory building	3,261,269.55	It is going through the formaliti
Cold factory building	1,615,492.60	It is going through the formaliti
Cold auxiliary room	1,218,102.91	Due to the 5.12 earthquake, some information on construction projects are missing.
J-37710KV Second Distribution Station	808,404.42	It is going through the formaliti
Total	153,063,757.37	

5.20.2 Disposal of fixed assets

Items	Closing balance	Opening balance
Buildings and constructions	232,657.98	
Transportation facilities	3,247.86	7,865.99
Instrument and apparatus	34,177.74	
Electronic Equipment	92,156.40	218,726.89
Others	1,942.03	289.00
Total	364,182.01	226,881.88

5.21 Construction in progress

Items	Closing balance	Opening balance
Construction in progress	375,852,963.90	286,448,122.33
Project materials	30,649.48	30,649.48
Total	375,883,613.38	286,478,771.81

Note: The construction in progress in the above table refers to the construction in progress after deducting engineering materials.

5.21.1 Construction in progress

5.21.1.1 Breakdown of construction in progress

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Dongfang Hydrogen Energy Industrial Park	54,064,952.89		54,064,952.89	11,674,629.28		11,674,629.28
I&T Center building and constructions	17,681,398.27		17,681,398.27	1,052,801.28		1,052,801.28
Financial Shared Service System Construction Project (Phase II)	15,420,972.29		15,420,972.29	9,291,999.98		9,291,999.98
High-temperature blade trial production project (three-stage static blade, four-stage dynamic and static blade) - blade branch plant project (five-coordinate continuous grinding center	13,911,445.00		13,911,445.00			
Digital Phase II - 6300KN Punching Automatic Production Line 1 set	13,746,902.70		13,746,902.70			
High temperature blade trial production project (three-stage static blade, four-stage dynamic and static blade) - blade branch plant project (five-coordinate cradle milling machine	8,139,364.20		8,139,364.20			

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Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Server procurement	6,371,660.20		6,371,660.20	6,371,660.20		6,371,660.20
Construction of burner independent gas source station and test platform - centrifugal compressor outlet high-pressure electric heater	5,884,955.75		5,884,955.75	5,884,955.75		5,884,955.75
Vacuum furnace induction heating power supply, etc	5,144,247.76		5,144,247.76	3,737,168.12		3,737,168.12
Server Virtualization Cluster Construction Project (Changhong Jiahua)	5,035,398.20		5,035,398.20	2,517,699.10		2,517,699.10
Others	234,919,549.25	4,467,882.61	230,451,666.64	250,385,091.23	4,467,882.61	245,917,208.62
Total	380,320,846.51	4,467,882.61	375,852,963.90	290,916,004.94	4,467,882.61	286,448,122.33

5.21.1.2 Changes in the current period of important projects under construction

Project name	Balance as at December 31, 2021	Increase in 2022	Amount transferred into fixed assets in 2022	Other decreases in the current period	Balance as at December 31, 2022
Dongfang Hydrogen Energy Industrial Park	11,674,629.28	42,390,323.61			54,064,952.89
I&T Center building and constructions	1,052,801.28	16,628,596.99			17,681,398.27
Financial Shared Service System Construction Project (Phase II)	9,291,999.98	6,128,972.31			15,420,972.29
High-temperature blade trial production project (three-stage static blade, four-stage dynamic and static blade) - blade branch plant project (five-coordinate continuous grinding center)		13,911,445.00			13,911,445.00
Digital Phase II - 6300KN Punching Automatic Production Line I set		13,746,902.70			13,746,902.70
High temperature blade trial production project (three-stage static blade, four-stage dynamic and static blade) - blade branch plant project (five-coordinate cradle milling machine)		8,139,364.20			8,139,364.20
Server procurement	6,371,660.20				6,371,660.20
Construction of burner independent gas source station and test platform - centrifugal compressor outlet high-pressure electric heater	5,884,955.75				5,884,955.75
Vacuum furnace induction heating power supply, etc	3,737,168.12	1,407,079.64			5,144,247.76
Others	252,902,790.33	499,812,108.68	448,446,950.73	64,313,000.83	239,954,947.45
Total	290,916,004.94	602,164,793.13	448,446,950.73	64,313,000.83	380,320,846.51

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(CONT'D) :

Project name	Budget(million)	Proportion of accumulative project investments in budget (%)	Project progress(%)	Accumulated capitalization amount of interest	Including: capitalization amount of interest in the current period	Capitalization rate of interest in the current period (%)	Source of funds
Dongfang Hydrogen Energy Industrial Park	17,854.00	30.28	30.28				Self-funded
I&T Center building and constructions	9,000.00	20.89	20.89				Self-funded
Financial Shared Service System Construction Project (Phase II)	3,000.00	51.40	51.40				Self-funded
High-temperature blade trial production project (three-stage static blade, four-stage dynamic and static blade) - blade branch plant project (five-coordinate continuous grinding center	2,158.40	64.45	64.45				Self-funded
Digital Phase II - 6300KN Punching Automatic Production Line 1 set	2,500.00	54.99	60.00				Self-funded
High temperature blade trial production project (three-stage static blade, four-stage dynamic and static blade) - blade branch plant project (five-coordinate cradle milling machine	1,582.80	51.42	51.42				Self-funded
Server procurement	750.00	84.96	84.96				Self-funded
Construction of burner independent gas source station and test platform - centrifugal compressor outlet high-pressure electric heater	700.00	84.07	84.07				Self-funded
Vacuum furnace induction heating power supply, etc	800.00	64.30	64.30				Self-funded
Others							Self-funded
Total	—	—	—				—

5.21.2 Project materials

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment of project materials	Book value	Book balance	Provision for impairment of project materials	Book value
Spare parts	30,649.48		30,649.48	30,649.48		30,649.48
Total	30,649.48		30,649.48	30,649.48		30,649.48

5.22 Right-of-use assets

Item	Buildings and constructions	Machinery equipment	Total
I. Original book value			
(1) Balance as at January 1, 2022	327,033,968.01	30,162,343.36	357,196,311.37
(2) Increase in 2022	185,974,093.66	2,916,346.05	188,890,439.71
- New leases	185,974,093.66	2,916,346.05	188,890,439.71

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Item	Buildings and constructions	Machinery equipment	Total
Other Increase			
(3) Decrease in 2022	6,044,328.48		6,044,328.48
Lease expires	1,709,513.37		1,709,513.37
Other Decrease	4,334,815.11		4,334,815.11
(4) Balance as at December 31, 2022	506,963,733.19	33,078,689.41	540,042,422.60
2. Accumulated depreciation			
(1) Balance as at January 1, 2022	110,434,484.83	15,435,724.47	125,870,209.30
(2) Increase in 2022	115,356,485.47	8,059,238.79	123,415,724.26
Provision	115,356,485.47	8,059,238.79	123,415,724.26
Other Increase			
(3) Decrease in 2022	6,433,256.58		6,433,256.58
Lease expires	1,709,513.37		1,709,513.37
Other Decrease	4,723,743.21		4,723,743.21
(4) Balance as at December 31, 2022	219,357,713.72	23,494,963.26	242,852,676.98
3. Provision for impairment			
(1) Balance as at January 1, 2022			
(2) Increase in 2022			
Provision			
(3) Decrease in 2022			
Lease expires			
(4) Balance as at December 31, 2022			
4. Book value			
(1) Book value as at December 31, 2022	287,606,019.47	9,583,726.15	297,189,745.62
(2) Book value as at January 1, 2022	216,599,483.18	14,726,618.89	231,326,102.07

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5.23 Intangible assets

5.23.1 Breakdown of intangible assets

Item	Land use right	Patent right	Non-patent technology	Software	Others	Total
1. Original book value						
(1) Balance as at December 31, 2021	1,127,480,258.24	210,677,362.48	343,606,366.49	345,146,255.71	609,816,431.05	2,636,726,673.97
(2) Increase in 2022	139,464,611.27	7,548,694.35		57,615,305.90	56,341,562.95	260,970,174.47
Purchase	139,464,611.27	1,881,395.87		46,846,067.61	55,939,418.63	244,131,493.38
Transfer-in of construction in progress		5,620,898.48		10,769,238.29	402,144.32	16,792,281.09
Other Increase		46,400.00				46,400.00
(3) Decrease in 2022	33,486,835.23	294,870.94				33,781,706.17
Disposal	33,486,835.23	294,870.94				33,781,706.17
Other Decrease						
(4) Balance as at December 31, 2022	1,233,458,034.28	217,931,185.89	343,606,366.49	402,761,561.61	666,157,994.00	2,863,915,142.27
2. Accumulated amortization						
(1) Balance as at December 31, 2021	251,116,042.28	59,740,168.55	326,461,085.85	232,801,975.62	117,755,657.79	987,874,930.09
(2) Increase in 2022	24,894,129.50	17,745,924.01	6,387,003.75	35,259,127.92	37,721,629.61	122,007,814.79
Provision	24,894,129.50	17,745,924.01	6,387,003.75	35,259,127.92	37,721,629.61	122,007,814.79
Other Increase						
(3) Decrease in 2022	8,229,598.27	282,182.21				8,511,780.48
Disposal	1,426,176.31	282,182.21				1,708,358.52

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Item	Land use right	Patent right	Non-patent technology	Software	Others	Total
Other Decrease	6,803,421.96					6,803,421.96
(4) Balance as at December 31, 2022	267,780,573.51	77,203,910.35	332,848,089.60	268,061,103.54	155,477,287.40	1,101,370,964.40
3. Provision for impairment						
(1) Balance as at December 31, 2020	33,314.36	0.00	376,405.24	308,176.10	0.00	717,895.70
(2) Increase in 2022						
Provision						
(3) Decrease in 2022						
Disposal						
Other changes						
(4) Balance as at December 31, 2022	33,314.36	0.00	376,405.24	308,176.10	0.00	717,895.70
4. Book value						
(1) Book value as at December 31, 2022	965,644,146.41	140,727,275.54	10,381,871.65	134,392,281.97	510,680,706.60	1,761,826,282.17
(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

5.23.2. Description of intangible assets

The other intangible assets are mainly the Nanmanghe Company power station concession.

5.23.3 Land use rights with certificates of title uncompleted

Item	Book value	Reason for failure to complete the formalities for the certificate of title
Hulunbuir Economic Development Zone Starting Area	7,488,860.55	The area of the license is inconsistent with the area retained by the local land transaction center, and it needs to be re-measured and then transferred
Total	7,488,860.55	

5.24 Development expenditure

Item	Opening balance	Increase in 2022		Decrease in 2022		Closing balance
		Internal development expenditure	Other	Recognized as intangible assets	Transferred into current profits and losses	
ERP Deepening Application Scientific Research Project Based on Financial Sharing (XJCKY20002)	3,419,811.33					3,419,811.33
Industrial control network audit and response platform driver software copyright	402,414.32	446,716.21				849,130.53
Other	447,943.11	703,988.25			169,911.50	982,019.86
Total	4,270,168.76	1,150,704.46			169,911.50	5,250,961.72

5.25 Long-term deferred expenses

Item	Opening balance	Increase in 2022	Amount amortized in 2022	Other reductions	Closing balance
Sporadic projects	2,267,046.54	590,286.82	672,595.30		2,184,738.06
Total	2,267,046.54	590,286.82	672,595.30		2,184,738.06

5.26 Deferred income tax assets and deferred income tax liabilities

5.26.1 Deferred income tax assets without offset

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Provision for impairment of assets	8,635,899,523.07	1,341,290,573.33	9,051,134,431.24	1,398,678,577.24
Deductible losses	819,076,206.77	122,861,435.02	904,297,221.38	135,644,583.21
Estimated liabilities	6,561,487,463.07	1,014,912,836.30	6,572,462,579.26	1,037,552,568.78
Employee compensation payable	1,647,326,001.49	251,285,803.51	1,526,342,290.32	233,474,699.47
Unrealized profits of internal transactions	274,190,630.42	41,354,617.40	135,457,768.18	20,224,652.13
Government grants	174,610,730.40	26,916,899.05	193,388,661.47	30,651,069.48

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Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Accounts payable	2,031,571,425.42	308,006,584.42	1,671,521,498.06	250,753,156.05
Depreciation of fixed assets	12,028,825.37	1,804,323.81	18,521,057.73	2,778,158.66
Changes in fair value	81,000,387.45	19,836,466.37	22,246,434.93	5,313,677.84
Overseas enterprise income tax to be offset	70,142,062.47	10,521,309.37	124,928,045.27	18,739,206.79
Amortization of intangible assets			2,607,171.48	391,075.72
Others	29,762,235.61	4,464,335.34	38,679,242.17	5,801,886.33
Total	20,337,095,491.54	3,143,255,183.92	20,261,586,401.49	3,140,003,311.70

5.26.2 Deferred income tax liabilities before offset

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Depreciation of fixed assets	370,391,877.23	55,658,545.61	286,596,229.05	43,306,101.03
Investment income			17,695,309.37	2,654,296.40
Changes in fair value of investments in other equity instruments	31,019,016.51	4,652,852.48		
Total	401,410,893.74	60,311,398.09	304,291,538.42	45,960,397.43

5.26.3 Details of unrecognized deferred income tax assets

Item	Closing balance	Opening balance
Losses that can be carried forward to the subsequent year	1,990,902,420.86	1,000,107,727.91
deductible temporary difference	191,632,403.39	163,300,948.43
Total	2,182,534,824.25	1,163,408,676.34

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

Year	Closing balance	Opening balance	Note
Year2023	11,909,954.92		
Year2024	27,422,248.78		
Year2025		172,117,301.12	
Year2026		58,735,684.56	
Year2027		55,492,724.93	
Year2028	98,980,923.23	474,157,171.38	
Year2029	86,375,249.26	239,604,845.92	
Year2030	27,787,644.58		
Year2031	294,867,324.23		
Year2032	382,927,317.31		

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Year	Closing balance	Opening balance	Note
Year2033	1,060,631,758.55		
Total	1,990,902,420.86	1,000,107,727.91	

5.27 Other non-current assets

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Contract warranty fund	4,624,137,892.12	567,705,302.41	4,056,432,589.71	4,169,802,294.20	439,451,205.75	3,730,351,088.45
Completed but not settled	316,743,969.56	274,001,135.51	42,742,834.05	499,003,374.05	210,749,036.05	288,254,338.00
Subsidiary in bankruptcy	469,363,000.00	469,363,000.00		499,363,000.00	499,363,000.00	
Total	5,410,244,861.68	1,311,069,437.92	4,099,175,423.76	5,168,168,668.25	1,149,563,241.80	4,018,605,426.45

Bankruptcy and liquidation of subsidiaries: Dongfang Electric New Energy Equipment (Hangzhou) Co., Ltd. (hereinafter referred to as Hangzhou New Energy) entered bankruptcy proceedings in 2017, and has not yet completed bankruptcy and liquidation; Dongfang Electric (Tongliao) Wind Power Engineering Technology Co., Ltd. (hereinafter referred to as Tongliao Wind Power), and Dongfang Electric (Jiuquan) New Energy Co., Ltd. (hereinafter referred to as Jiuquan New Energy) entered bankruptcy proceedings in 2018, and have not yet completed bankruptcy and liquidation.

5.28 Short-term borrowings

Classification of short-term borrowings

Item	Closing balance	Opening balance
Credit borrowings	103,235,027.02	41,830,000.00
Total	103,235,027.02	41,830,000.00

5.29 Derivative financial liabilities

Item	Closing balance	Opening balance
Forward settlement	2,725,701.24	
Total	2,725,701.24	

5.30 Notes payable

Category	Closing balance	Opening balance
Bank acceptance bill	4,231,558,555.38	1,531,732,231.95
Commercial acceptance bill	5,795,145,642.46	4,723,065,909.85
Total	10,026,704,197.84	6,254,798,141.80

There were no notes payable due and unpaid at the end of the period.

5.31 Accounts payable

Item	Closing balance	Opening balance
Within 1 year (including 1 year)	14,584,970,836.66	11,232,232,094.80
1-2 years (including 2 years)	1,211,799,005.78	1,284,148,929.82
2-3 years (including 3 years)	518,486,513.10	344,635,046.35
Over 3 years	1,034,637,836.47	1,098,351,003.08
Total	17,349,894,192.01	13,959,367,074.05

Significant accounts payable with aging over one year

Entity name	Closing balance	Reason for failure in repayment or carry-forward
Entity 1	69,702,581.21	The term of payment has not been met
Entity 2	50,692,193.55	The term of payment has not been met
Entity 3	50,551,603.72	The term of payment has not been met
Entity 4	47,224,263.65	The term of payment has not been met
Entity 5	42,988,321.57	The term of payment has not been met
Entity 6	40,334,155.47	The counterpart is in bankruptcy liquidation
Entity 7	39,651,000.00	The term of payment has not been met
Entity 8	38,706,463.24	The term of payment has not been met
Entity 9	37,282,865.96	The term of payment has not been met
Entity 10	34,674,420.00	The term of payment has not been met
Entity 11	34,189,095.13	The term of payment has not been met
Entity 12	32,992,936.30	The term of payment has not been met
Entity 13	30,659,714.94	The term of payment has not been met
Entity 14	30,086,584.14	The term of payment has not been met
Entity 15	28,190,283.84	The term of payment has not been met
Entity 16	27,458,046.40	The term of payment has not been met
Entity 17	25,730,884.68	The term of payment has not been met
Entity 18	25,445,036.65	The term of payment has not been met
Entity 19	24,706,724.19	The term of payment has not been met
Entity 20	21,916,862.00	The term of payment has not been met
Total	733,184,036.64	

5.32 Contract liabilities

Item	Closing balance	Opening balance
Within 1 year (including 1 year)	25,766,268,476.96	16,523,715,297.73
Over 1 year	6,425,527,295.40	13,881,271,664.46
Total	32,191,795,772.36	30,404,986,962.19

5.33 Absorption of deposits and interbank deposits

Item	Closing balance	Opening balance
Demand deposits	4,302,305,510.35	3,713,754,238.51
Company	4,302,305,510.35	3,713,754,238.51
individual		
Time deposits (including the call deposits)	87,000,000.00	26,000,000.00
Company	87,000,000.00	26,000,000.00
individual		
Security deposits received		
Other deposits (including outward remittance for individuals and remittances outstanding for enterprises)		
Total	4,389,305,510.35	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 2022	Decrease in 2022	Balance as at December 31, 2022
Short-term compensation	255,580,495.19	4,201,394,782.55	4,172,047,400.08	284,927,877.66
Post-employment benefits - defined contribution plans	204,424,416.67	656,686,631.32	641,364,323.58	219,746,724.41
Dismissal benefits	325,742,290.94	365,605,981.49	353,676,871.49	337,671,400.94
Total	785,747,202.80	5,223,687,395.36	5,167,088,595.15	842,346,003.01

5.34.2 Presentation of short-term compensation

Item	Balance as at December 31, 2021	Increase in 2022	Decrease in 2022	Balance as at December 31, 2022
Salaries, bonuses, allowances and subsidies		3,115,214,095.18	3,115,214,095.18	
Employee welfare fees	35,726,083.94	323,539,918.43	323,009,160.51	36,256,841.86
Social insurance premiums	57,223,068.69	289,480,856.73	282,993,294.88	63,710,630.54
Including: medical and maternity insurance premium	124,270.71	193,783,476.26	193,671,616.15	236,130.82
Work-related injury insurance premium	62,151.00	20,793,989.21	20,785,040.40	71,099.81
Others	57,036,646.98	74,903,391.26	68,536,638.33	63,403,399.91
Housing provident fund	7,587,453.00	310,887,845.43	318,142,154.43	333,144.00
Labor union expenditures and employee education funds	152,579,183.88	114,902,347.37	84,831,399.87	182,650,131.38
Others	2,464,705.68	47,369,719.41	47,857,295.21	1,977,129.88
Total	255,580,495.19	4,201,394,782.55	4,172,047,400.08	284,927,877.66

5.34.3 Presentation of defined contribution plans

Item	Balance as at December 31, 2021	Increase in 2022	Decrease in 2022	Balance as at December 31, 2022
Basic endowment insurance premium	9,626.72	410,263,060.18	410,026,287.54	246,399.36
Unemployment insurance premium	9,949.49	15,036,186.27	15,036,895.74	9,240.02
Enterprise annuity payment	204,404,840.46	231,387,384.87	216,301,140.30	219,491,085.03
Total	204,424,416.67	656,686,631.32	641,364,323.58	219,746,724.41

5.35 Taxes and surcharges payable

Tax Item	Closing balance	Opening balance
Value-added tax	136,207,879.40	178,954,800.91
Enterprise income tax	109,916,862.74	187,375,327.00
Individual income tax	48,037,570.79	39,558,861.72
Urban maintenance and construction tax	13,691,242.67	10,971,219.42
House property tax	714,200.81	675,473.57
Land use tax	471,874.82	469,126.55
Educational surtax including Local educational surtax	9,610,203.37	7,571,270.95
Other taxes	12,310,143.19	15,339,793.19
Total	330,959,977.79	440,915,873.31

5.36 Other payables

Item	Closing balance	Opening balance
Interest payable	7,526,176.87	6,950,944.06
Dividends payable	4,023,929.75	3,740,681.09
Other payables	1,255,454,438.99	1,395,396,812.12
Total	1,267,004,545.61	1,406,088,437.27

Note: Other payables in the above table refer to other payables after deducting interest payable and dividend payable.

5.36.1 Interest payable

Item	Closing balance	Opening balance
Interest payable on short-term borrowings	6,171,716.25	244,174.46
Interest payable on absorption of deposits	1,348,460.62	6,706,769.60
Total	7,520,176.87	6,950,944.06

5.36.2 Dividends payable

Item	Closing balance	Opening balance	Reasons for non-payment for more than one year
Ordinary share dividends	4,023,929.75	3,740,681.09	
Total	4,023,929.75	3,740,681.09	

5.36.3 Other payables

(1) Presentation of other payables by nature

Item	Closing balance	Opening balance
Margin and deposit	425,019,859.96	392,122,989.66
Agency fund	262,517,748.08	224,813,029.16
Equity purchase price payable	262,412,707.91	328,795,028.00
Advance money payable	112,443,785.02	64,572,927.66
Lease, service and minor purchase payables	41,721,179.41	29,190,762.21
Social insurance premium and housing provident fund undertaken by individuals	18,579,558.99	18,096,903.74
Others	132,759,599.62	337,805,171.69
Total	1,255,454,438.99	1,395,396,812.12

(2) Other significant payables with aging over one year

Entity name	Closing balance	Reason for failure in repayment or carry-forward
Entity 1	167,224,112.31	The time for settlement has not been due.
Entity 2	30,355,478.25	The time for settlement has not been due.
Entity 3	20,616,839.96	The time for settlement has not been due.
Entity 4	11,024,395.52	Pre-compensation is not closed
Entity 5	9,226,031.77	The time for settlement has not been due.
Total	238,446,857.81	

5.37 Non-current liabilities maturing within one year

Item	Closing balance	Opening balance
Long-term borrowings maturing within one year	510,164,036.00	164,036.00
Lease liabilities maturing within one year	115,692,351.58	101,988,838.33
Total	625,856,387.58	102,152,874.33

5.38 Other current liabilities

Item	Closing balance	Opening balance
Provisional estimate cost	117,157,718.62	89,581,391.17
Recognized, endorsed and undue receivables financing at the end of period	163,080,671.29	727,343,368.31
Liabilities from vicarious business	5,058,595.06	8,233,559.05
Others	9,134,955.12	15,285,803.37

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Item	Closing balance	Opening balance
Total	294,431,940.09	840,444,121.90

5.39 Long-term borrowings

Item	Closing balance	Opening balance
Mortgage borrowings	368,151,541.84	356,291,967.96
Credit borrowings	1,093,125,902.03	1,208,964,036.00
Subtotal	1,461,277,443.87	1,565,256,003.96
Less: Long-term borrowings due within one year	510,164,036.00	164,036.00
Total	951,113,407.87	1,565,091,967.96

5.40 Lease liabilities

Item	Closing balance	Opening balance
Lease payment	384,079,902.61	241,981,708.73
Unrecognized financing expense	83,544,335.95	13,060,246.70
Less: lease liabilities maturing within one year	115,692,351.58	101,988,838.33
Total	184,843,215.08	126,932,623.70

5.41 Long-term payable

Item	Closing balance	Opening balance
Special payables	240,000.00	240,000.00
Total	240,000.00	240,000.00

Special payables

Item	Opening balance	Increase in 2022	Decrease in 2022	Closing balance	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	Closing balance	Opening balance
Post-employment benefits - net liabilities of defined benefit plans		
Dismissal benefits	811,389,952.61	715,975,614.18
Other long-term benefits	236,436,982.96	262,719,955.85
Less: undiscounted long-term employee compensation due within one year		
Total	1,047,826,935.57	978,695,570.03

5.43 Estimated liabilities

Item	Closing balance	Opening balance	Forming reason
Pending litigation	6,718,482.46	240,974,420.77	The court has not yet decided on the endorsement dispute of the instrument
Product quality guarantee deposit	3,506,635,199.17	2,920,975,972.05	Estimated expenditure on product quality guarantee deposit
Loss-making contracts to be executed	2,843,835,504.10	3,054,815,955.35	Onerous contract to be implemented and the expected future loss in the course of implementation
Others	276,391,647.86	451,519,671.95	Expected fines for late delivery
Total	6,633,580,833.59	6,668,286,020.12	

5.44 Deferred income

Item	Opening balance	Increase in 2022	Decrease in 2022	Closing balance	Forming reason
Government grants related to asset	312,689,540.78	7,636,666.66	49,512,983.94	270,813,223.50	See table 1 for details
Government grants related to income	46,715,032.78	116,771,446.19	102,692,333.97	60,794,145.00	See table 1 for details
Others		6,406,526.63		6,406,526.63	
Total	359,404,573.56	130,814,639.48	152,205,317.91	338,013,895.13	

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1. Items involving government grants

Liability item	Balance as at December 31, 2021	New grants in 2022	Amount included in the current profit or loss in 2022	Amount included in the other income in 2022	Cost expense amount offset in current period	Other changes	Balance as at December 31, 2022	Related to assets/income
Government subsidies	1,246,666.67	4,000,000.00		1,482,120.93			3,764,545.74	Related to assets
Technical transformation appropriation	10,008,781.45	3,636,666.66		2,997,615.27			10,647,832.84	Related to assets
Appropriation for scientific research	7,850,829.66			1,096,122.24			6,754,707.42	Related to assets
Other appropriations	22,728,217.23			2,291,326.74		-9,527,140.17	10,909,750.32	Related to assets
VAT refund for three-line enterprises	172,200,692.81			17,153,890.37			155,046,802.44	Related to assets
Subsidy for project infrastructure construction	98,654,352.96			12,744,768.22		-2,220,000.00	83,689,584.74	Related to assets
Government subsidies	2,074,525.00	1,279,678.00		1,788,961.91			1,565,241.09	Related to income
Technical transformation appropriation	75,000.00	1,083,333.34		1,158,333.34				Related to income
Appropriation for scientific research	41,004,332.73	106,348,210.24		40,978,002.13		-51,099,000.00	55,275,540.84	Related to income
Other appropriations	3,561,175.05	8,060,224.61		7,706,589.29		38,552.70	3,953,363.07	Related to income
Total	359,404,573.56	124,408,112.85		89,397,730.44		-62,807,587.47	331,607,368.50	

Note: The VAT refund for three-line enterprises refers to the VAT refund for three-line enterprises received by DTC, DBC and DFEM for the period from January 1, 2006 to December 31, 2008, in accordance with the Circular on Matters concerning Tax Policies for Three-line Enterprises during the Period for the Tenth Five-year Plan (CS [2001] No. 133) issued by the Ministry of Finance and the State Taxation Administration, and the Circular on the Refund upon Collection Policy for Value-Added Tax of Three-line Enterprises (CS [2006] No. 166) issued by the Ministry of Finance and the State Taxation Administration. The Company,

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according to the specification on VAT refund for three-line enterprises, divided such VAT refund for three-line enterprises as asset-related government grants and income-related government grants, and carried out the accounting treatment respectively.

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5.45 Share capital

Item	Opening balance		Increase in 2022	Decrease in 2022	Closing balance	
	investment amount	Proportion (%)			investment amount	Proportion (%)
Dongfang Electric Group	1,727,919,826.00	55.40			1,727,919,826.00	55.40
A shares	1,051,231,304.00	33.70		343,333.00	1,050,887,971.00	33.70
H shares	340,000,000.00	10.90			340,000,000.00	10.90
Total	3,119,151,130.00	100.00		343,333.00	3,118,807,797.00	100.00

Explanation of changes in share capital:

1. On December 8, 2021, the 7th Board of Directors of the 10th Session and the 4th Board of Supervisors of the 10th Session of the Company deliberated and passed the "Motion on the Repurchase and Cancellation of Some Restricted Shares" and other proposals. After the completion of the cancellation of this repurchase, the registered capital will be reduced by RMB 150,000.00, the registered capital after the change will be RMB 3,119,001,130.00, and the paid-in share capital will be RMB 3,119,001,130.00.

2. On April 29, 2022, the 11th Board of Directors of the 10th session of the Company deliberated and passed the "Motion on the Repurchase and Cancellation of Some Restricted Stocks" and other proposals, and the Board of Directors deliberated and decided to repurchase and cancel a total of 193,333 shares of all restricted shares that have been granted but not yet lifted by the four incentive recipients. After the completion of this cancellation, the registered capital will be reduced by RMB 193,333, the registered capital after the change will be RMB 3,118,807,797.00, and the paid-in share capital will be RMB 3,118,807,797.00.

5.46 Capital reserves

Item	Opening balance	Increase in 2022	Decrease in 2022	Closing balance
Capital (share capital) premium	11,252,241,058.43	271,048,926.19	51,310,670.26	11,471,979,314.36
Other capital reserves	191,250,754.65	21,730,506.74	40,003,954.64	172,977,306.75
Transfer of capital reserve from original system				
Total	11,443,491,813.08	292,779,432.93	91,314,624.90	11,644,956,621.11

Explanation of changes in capital reserves:

1. This year, the company repurchased and cancelled some restricted shares, reducing the capital reserve - capital premium of 1,560,448.49 yuan;

2. According to the "Supplement to the Agreement on the Issuance of Shares to Purchase Assets Effective in the Annex of Dongfang Electric Co., Ltd. and China Dongfang Electric Group Co., Ltd.", after all 13 projects of Dongfang Electric Group International Cooperation Co., Ltd. (hereinafter referred to as Oriental International) have been fulfilled and the corresponding rights and obligations have been lost, the Company shall compensate Dongfang Electric Group for the difference according

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to the actual performance of each project expected to delay delivery penalty. In 2022, the Company recognized the consideration that may be repaid to Dongfang Electric Group in the future as an estimated liability, and at the same time reduced the capital reserve - capital premium of 13,919,380.64 yuan;

3. The minority shareholders of Dongfang Steam Turbine, a subsidiary of the Company, increased their capital, and the proportion of equity held by the Company in Dongfang Steam Turbine after the capital increase was 91.30%, and the capital reserve was confirmed to be increased by 160,685,146.06 yuan;

4. The minority shareholders of Oriental Hydrogen Energy, a subsidiary of the Company, increased their capital, and the proportion of equity held by Dongfang Hydrogen Energy after the capital increase was 47.30%, and the capital reserve was confirmed to be increased by 55,411,371.14 yuan;

5. The Company acquired the minority shareholders' interests of Dongfang Electric (Wuhan) Nuclear Equipment Co., Ltd. (hereinafter referred to as Dongfang Wuhan Nuclear Core), and the Company held 100.00% of the equity of Dongfang Wu Nuclear after the acquisition, and confirmed the reduction of capital reserve - capital premium of 35,017,375.76 yuan;

6. The minority shareholders of Dongfang Boiler, a subsidiary of the Company, increased their capital, and the proportion of equity held by Dongfang Boiler after the capital increase was 95.35%, and the capital reserve was confirmed to increase by 34,358,546.42 yuan at the capital premium;

7. The Oriental Research Institute, a subsidiary of the Company, introduced minority shareholders, and after the capital increase, the equity ratio held by the Company was 90.02%, and the capital reserve was confirmed to increase by 15,518,712.16 yuan;

8. The minority shareholders of Dongfang Wind Power, a subsidiary of the Company, increased their capital, and the proportion of equity held by the Company in Dongfang Wind Power after the capital increase was 76.18%, and the capital reserve was confirmed to increase by 5,075,150.41 yuan;

9. Oriental Controls, a subsidiary of the Company, acquired the minority shareholders' equity interests controlled by the subsidiary Dongguo this year, and the Company recognized the reduction of capital reserve - capital premium of 813,465.37 yuan according to the shareholding ratio;

10. Changes in minority shareholders' interests of Dongfang Steam Turbine and Dongfang Motor, subsidiaries of the Company, confirmed a reduction of other capital reserves of 38,715,785.26 yuan;

11. During the year, the Company recognized share-based payment expenses and increased other capital reserves by RMB15,812,059.31;

12. During the year, the change in the equity of the associated enterprises held by the Company adjusted the book balance of long-term equity investment, and increased the other capital reserve by 5,295,404.84 yuan;

13. Due to the change in shareholders' equity of the joint venture, Dongfang Steam Turbine and Dongfang Boiler, subsidiaries of the Company, the other capital reserve was reduced by 665,126.79 yuan according to the equity method.

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5.47 Treasury stock

Item	Opening balance	Increase in 2022	Decrease in 2022	Closing balance
Repurchase plan for restricted stock incentive	168,649,028.00		56,098,806.19	112,550,221.81
Total	168,649,028.00		56,098,806.19	112,550,221.81

Explanation of changes in Treasury stock:

On December 8, 2021, the 7th Board of Directors of the 10th Session and the 4th Board of Supervisors of the 10th Session of the Company deliberated and passed the "Motion on the Repurchase and Cancellation of Some Restricted Shares" and other motions, repurchasing and canceling 150,000 shares of restricted shares that have been granted but not yet lifted by 5 objects who no longer meet the incentive qualifications;

On April 29, 2022, the 7th Board of Directors of the 10th Session and the 4th Board of Supervisors of the 10th Session of the Company deliberated and passed the "Motion on Repurchase and Cancellation of Some Restricted Shares" and other proposals, involving 4 people in the repurchase and cancellation of restricted shares, with a total of 193,333 shares repurchased and cancelled;

As a result of the above repurchase and cancellation of restricted shares, treasury shares were reduced by 56,098,806.19.

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5.48 Other comprehensive income

Item	Balance as at December 31, 2021	Year 2022								Balance as at December 31, 2022
		Pre-tax amount incurred in 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 retained earnings	Less: Hedging reserves are transferred to related assets or liabilities	Less: income tax expenses	Amount after tax attributable to the parent company	Amount after tax attributable to minority shareholders	Less: Carry-over Remeasures changes to defined benefit plans	
1. Other comprehensive income that cannot be reclassified into profit or loss	-694,527.67	26,366,164.03					24,219,958.28	2,146,205.75		23,525,430.61
Including: changes in re-measurement of the defined benefit plan										
Other										
comprehensive income that cannot be transferred to profit or loss under the equity method										
Changes in fair value of other equity instrument investments	-694,527.67	26,366,164.03					24,219,958.28	2,146,205.75		23,525,430.61
Changes in the fair value of the Company's own credit risk										
Other changes										

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Item	Balance as at December 31, 2021	Year 2022								Balance as at December 31, 2022
		Pre-tax amount incurred in 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 retained earnings	Less: Hedging reserves are transferred to related assets or liabilities	Less: income tax expenses	Amount after tax attributable to the parent company	Amount after tax attributable to minority shareholders	Less: Carry-over Remeasures changes to defined benefit plans	
2. Other comprehensive income that will be reclassified into profit or loss	-68,261,069. 29	53,117,357.88	481,656.81			-231,174.72	44,998,590.99	7,868,284.80		-23,262,478. 30
Including: other comprehensive income that can be transferred to profit or loss under the equity method	613,977.10	84,679.19				0.00	79,928.69	4,750.50		693,905.79
Changes in fair value of other creditor's right investment										
Amount of financial assets reclassified into other comprehensive income										
Receivables financing credit impairment allowance	2,756,647.63	-1,740,443.32				-231,174.72	-1,426,925.76	-82,342.84		1,329,721.87
Cash flow hedging reserve										
Translation differences of foreign currency financial statements	-71,678,132. 02	54,819,560.01	481,656.81				46,392,026.06	7,945,877.14		-25,286,105. 96

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Item	Balance as at December 31, 2021	Year 2022							Less: amount previously included in the other comprehensive income and currently transferred to the profit or loss	Balance as at December 31, 2022
		Pre-tax amount incurred in 2022	Less: amount previously included in the other comprehensive income and currently transferred to the retained earnings	Less: Hedging reserves are transferred to related assets or liabilities	Less: income tax expenses	Amount after tax attributable to the parent company	Amount after tax attributable to minority shareholders	Less: Carry-over Remeasures changes to defined benefit plans		
Other changes	46,438.00	-46,438.00				-46,438.00				
Total of other comprehensive income	-68,955,596.96	79,483,521.91	481,656.81		-231,174.72	69,218,549.27	10,014,490.55			262,952.31

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5.49 Special reserves

Item	Opening balance	Increase in 2022	Decrease in 2022	Closing balance
Work safety expenses	109,375,113.28	115,319,558.07	95,268,774.32	129,425,897.03
Total	109,375,113.28	115,319,558.07	95,268,774.32	129,425,897.03

5.50 Surplus reserves

Item	Opening balance	Increase in 2022	Decrease in 2022	Closing balance
Statutory surplus reserves	1,086,931,884.63	114,571,656.23		1,201,503,540.86
Discretionary surplus reserves				
Total	1,086,931,884.63	114,571,656.23		1,201,503,540.86

5.51 Undistributed profits

Item	Year 2022	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	2,854,650,575.05	2,289,036,817.45
Other adjustment factors		
Less: withdrawal of statutory surplus reserves	114,571,656.23	114,140,705.95
Withdrawal of discretionary surplus reserves		
Withdrawal of general risk reserves		
Common stock dividends payable		
Preferred stock dividend		
Preferred stock dividend		
Other distribution to shareholders		
Return of profits to investment	717,325,793.31	561,532,703.40
Other profit distribution		
Plus: surplus reserve to cover losses		
Defined benefit plans changes carry forward retained earnings		
Carry-forward of other comprehensive income for retained earnings		
Other internal carry-forward of owner's equity		
Others		
Undistributed profits at the end of the period		
Undistributed profits at the end of the previous		-19,580,617.00

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Item	Year 2022	Year 2021
year before adjustment		
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		-128,363.50
Plus: net profit attributable to owners of the parent company in the current period	18,999,069,789.89	16,976,316,664.38

5.52 Operating revenue and operating costs

5.52.1 Information on operating revenue and operating costs

Item	Year 2022		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	53,657,760,444.64	45,087,891,273.56	46,208,592,919.03	38,364,531,787.64
Other business	521,299,944.07	157,047,840.69	547,382,442.99	305,373,324.50
Interest income	1,171,721,197.95	102,851,963.82	1,060,766,819.24	110,807,636.82
Revenue from handling charges and commissions	2,358,542.30	1,431,949.73	2,424,759.21	1,474,526.03
Total	55,353,140,128.96	45,349,223,027.80	47,819,166,940.47	38,782,187,274.99

5.52.2 Revenue of modules and products

Name of module and product	Operating revenue		Operating costs	
	Year 2022	Year 2021	Year 2022	Year 2021
Renewable energy equipment	14,913,928,738.85	15,138,463,805.74	12,965,119,410.99	12,970,464,033.70
Including: hydroelectric power	12,193,461,986.69	12,618,196,953.87	10,741,473,336.77	10,909,184,198.58
Wind power	2,488,977,829.75	2,476,242,339.05	1,955,065,278.73	2,017,069,669.05
Efficient and clean energy equipment	14,684,569,729.76	12,786,983,905.17	11,579,674,801.05	10,008,951,866.82
Including: thermal power	2,056,986,710.68	2,229,149,481.97	1,385,451,836.54	1,651,545,425.31
Nuclear power	1,831,058,956.97	1,734,014,232.90	1,840,084,727.46	1,400,674,464.39
Gas turbine	10,796,524,062.11	8,823,820,190.30	8,354,138,237.05	6,956,731,977.12
Engineering and trade	10,539,987,531.09	7,758,030,958.59	9,453,213,857.69	6,913,753,522.80
Including: EPC	3,027,731,141.62	1,638,830,808.92	2,437,549,520.39	1,103,379,120.55
Trade	7,492,410,532.20	6,074,395,423.41	7,005,106,334.68	5,779,005,304.19
Modern manufacturing service industry	4,238,084,530.29	3,963,328,641.64	1,935,818,461.17	2,120,860,489.80
Including: power station service	2,548,342,852.57	2,350,734,822.25	1,346,443,084.48	1,475,701,574.95
Financial service	1,184,946,194.91	1,082,554,585.83	104,283,913.55	114,216,398.72

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Emerging growth industry	10,976,569,598.97	8,172,359,629.33	9,415,396,496.90	6,768,157,361.87
Total	55,353,140,128.96	47,819,166,940.47	45,349,223,027.80	38,782,187,274.99

5.53 Taxes and surcharges

Item	Year 2022	Year 2021
Urban maintenance and construction tax	93,493,599.40	55,175,855.46
House property tax	59,425,719.89	60,759,624.33
Educational surtax	40,389,312.66	23,720,284.07
Stamp duty	82,946,533.60	46,871,168.65
Land use tax	29,016,776.51	32,511,777.90
Local educational surtax	26,579,005.93	15,849,251.55
Other taxes	-6,030,886.56	5,150,596.50
Total	325,820,061.43	240,038,558.46

5.54 Selling and distribution expenses

Item	Year 2022	Year 2021
Sales and service fees	800,976,644.50	803,383,967.79
Employee compensation	509,250,293.83	438,843,035.01
Travel expenses	56,719,272.75	57,145,223.14
Others	116,484,951.52	158,141,438.21
Total	1,483,431,162.60	1,457,513,664.15

5.55 General and administrative expenses

Item	Year 2022	Year 2021
Employee compensation	1,852,519,486.18	1,668,649,580.00
Repair charges	394,196,941.74	307,794,879.62
Depreciation costs	240,784,405.95	249,438,660.51
Work safety expenses	137,114,582.07	120,973,782.82
Rental fees	23,197,910.40	13,009,055.26
Travel expenses	46,192,841.85	53,802,972.60
Insurance premium	20,242,579.73	15,704,868.25
Property management fees	65,585,044.77	60,099,003.95
Amortization of intangible assets	27,991,238.64	34,659,951.44
Hydroelectric power cost	36,404,903.49	28,733,398.96
Cost of hiring intermediaries	14,034,194.56	19,588,954.38
Transportation costs	27,335,937.29	23,528,316.91
Others	231,371,325.77	193,594,193.64
Total	3,116,971,392.44	2,789,577,618.34

5.56 Research and development expenditure

Item	Year 2022	Year 2021
Employee compensation	1,337,407,323.30	1,193,999,584.91
Materials expenses	197,828,067.96	208,445,658.88
Testing and quality assurance expenses	174,281,911.12	158,295,976.73
External commission fees	81,126,444.99	57,181,819.76
Depreciation expenses	112,884,414.62	104,255,150.33
Tooling fees	34,572,081.86	51,725,589.06
Amortization of intangible assets	50,750,348.50	46,584,925.46
Travel expenses	19,451,501.41	25,058,130.76
Hydroelectric power cost	23,089,646.51	14,734,285.52
Others	243,239,616.60	249,406,319.09
Total	2,274,631,356.87	2,109,687,440.50

5.57 Financial expenses

Item	Year 2022	Year 2021
Interest expenses	79,420,015.61	33,518,711.96
Including: lease liability interest expenses	14,073,757.68	2,771,432.55
Less: interest revenue	42,432,535.20	36,438,093.04
Profit or loss on exchange	-112,627,395.17	58,757,463.24
Handling charges of financial institutions	38,839,078.40	40,933,312.38
Cash discount	-78,961,360.68	-75,479,203.21
Others	17,954,805.59	18,886,226.14
Total	-97,807,391.45	40,178,417.47

5.58 Other income

5.58.1 Other income

Item	Year 2022	Year 2021
Government grants	147,001,416.47	132,625,035.86
Handling charges deducted for individual income tax	1,200,397.74	734,121.44
Others	2,548,480.88	582,070.75
Total	150,750,295.09	133,941,228.05

5.58.2 Government grants included in other income

Item	Year 2022	Year 2021	Related to assets/income
VAT refund for three-line enterprises	16,789,462.43	17,707,283.21	Related to assets
Appropriation for scientific research	13,840,890.46	16,296,547.45	Related to assets

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Item	Year 2022	Year 2021	Related to assets/income
Appropriation for scientific research	43,952,412.72	40,076,520.84	Related to income
Finance discount	340,000.00	340,000.00	Related to assets
Finance discount			Related to income
Tax returns	7,472,094.48	6,932,980.80	Related to income
Other appropriations	5,259,405.98	3,108,057.22	Related to assets
Other appropriations	59,347,150.40	48,163,646.34	Related to income
Total	147,001,416.47	132,625,035.86	

5.59 Investment income

Item	Year 2022	Year 2021
Long-term equity investment income calculated by the equity method	301,765,196.11	279,625,882.45
Long-term equity investment income calculated by the cost method		
Investment income from disposal of long-term equity investments	-157,669.74	
Investment income from trading financial assets during the holding period	6,160,733.67	19,744,193.68
Investment income from disposal of trading financial assets	-1,499,032.98	86,605,103.47
Interest revenue from creditor's right investment during the holding period	40,677,179.51	39,683,009.68
Investment income from debt restructuring	135,649,171.95	-84,230.00
Others	-2,035,500.00	
Total	480,560,078.52	425,573,959.28

5.60 Foreign exchange gains

Item	Year 2022	Year 2021
Revenue from foreign exchange	3,072,500.69	1,188,244.23
Expenditure on foreign exchange		
Total	3,072,500.69	1,188,244.23

5.61 Income from changes in fair value

Sources of income from changes in fair value	Year 2022	Year 2021
Financial assets held for trading	-58,816,869.44	173,613,348.19
Derivative financial liabilities	-2,725,701.24	
Total	-61,542,570.68	173,613,348.19

5.62 Losses from credit impairment

Item	Year 2022	Year 2021
Losses from bad debts of accounts receivable	63,708,579.19	-151,506,397.71
Losses from bad debts of note receivables	60,433,749.94	-82,808,660.26

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Item	Year 2022	Year 2021
Losses from bad debts of accounts receivable financing	2,136,673.70	-3,421,133.23
Losses from bad debts of other receivables	-14,357,866.76	-14,664,638.31
Losses from impairment of creditor's right investment	-20,694,300.00	35,360,815.96
Losses from bad debts of long-term receivables	-30,984,485.38	21,700,610.63
Losses from impairment of credit assets	129,558,954.37	-3,637,550.84
Impairment losses on entrusted loans	94,932,319.92	
Dividend receivable impairment loss	-7,288,939.04	
Total	277,444,685.94	-198,976,953.76

5.63 Losses from asset impairment

Item	Year 2022	Year 2021
Loss from inventory depreciation and losses from impairment of contract performance cost	-199,561,939.36	-324,767,579.21
Loss from impairment of fixed assets	-1,970,733.61	-6,162,083.99
Losses from impairment of intangible assets		-308,176.10
Losses from impairment of contract assets	-238,078,811.51	-217,786,488.41
Impairment losses on long-term equity investments	-40,845,971.47	
Impairment losses on other assets	-19,470.31	
Total	-480,476,926.26	-549,024,327.71

5.64 Income from asset disposal

Item	Year 2022	Year 2021
Income from disposal of non-current assets	50,192,696.72	271,943,405.18
Total	50,192,696.72	271,943,405.18

5.65 Non-operating revenue

Item	Year 2022	Year 2021	Amount included in non-recurring profit or loss in the current period
Government grants	7,530,349.21	7,476,688.34	7,530,349.21
Gains from disposal of non-current assets	1,025,194.60	562,311.06	1,025,194.60
Including gains from scrapping of fixed assets	1,025,194.60	562,311.06	1,025,194.60
Donations received			
Revenue from liquidated damages	14,423,458.57	22,279,087.73	14,423,458.57
Others	33,556,655.64	21,099,798.07	33,556,655.64
Total	56,535,658.02	51,417,885.20	56,535,658.02

Government grants included in the non-operating revenue

Subsidy Item	Year 2022	Year 2021	Related to assets/income
Subsidies for training bases for high-skilled personnel	3,000,000.00		Related to income
Three for one industry		5,591,418.03	Related to income
Others	4,530,349.21	1,885,270.31	Related to income
Total	7,530,349.21	7,476,688.34	

5.66 Non-operating expenses

Item	Year 2022	Year 2021	Amount included in non-recurring profit or loss in the current period
Losses from disposal of non-current assets	1,988,285.77	2,543,804.08	1,988,285.77
Including: losses from scrapping of fixed assets	1,988,285.77	2,543,804.08	1,988,285.77
Donation outlay	21,635,295.72	27,613,488.13	21,635,295.72
Losses from pending litigation		-100,000.00	
Expenditure on indemnity, liquidated damages and amercement outlay	24,148,529.66	3,386,358.13	24,148,529.66
Others	4,661,657.05	9,169,509.98	4,661,657.05
Total	52,433,768.20	42,613,160.32	52,433,768.20

5.67 Income tax expenses

5.67.1 Table of income tax expenses

Item	Year 2022	Year 2021
Current income tax expenses	307,742,588.36	390,688,607.72
Including: China	293,352,654.35	386,563,737.78
India	9,043,003.89	2,896,055.61
Other regions	5,346,930.12	1,228,814.33
Deferred income tax expenses	6,874,052.83	-152,864,543.08
Total	314,616,641.19	237,824,064.64

5.67.2 Adjustment process of accounting profit and income tax expenses

Item	Year 2022
Total profits	3,324,973,169.11
Income tax expenses calculated at statutory [or applicable] tax rate	498,745,975.37
Effect of the application of various tax rates by subsidiaries	17,768,697.99
Effect of adjustments to the income tax for the prior years	12,595,192.49
Effect of non-taxable income	-8,242,268.72
Effect of non-deductible costs, expenses and losses	19,207,023.49

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Item	Year 2022
Effect of using the deductible losses related to deferred income tax assets unrecognized in previous periods	-21,245,354.12
Effect of deductible temporary differences or losses from deferred income tax assets unrecognized in the current period	29,055,298.87
Tax preference	-233,267,924.18
Including: additional deduction of research and development expenditure	-176,940,431.84
Income tax expenses	314,616,641.19

5.68 Items in the statement of cash flows

5.68.1 Cash received from other operating activities

Item	Year 2022	Year 2021
Collection of due NCD (negotiable certificate of deposit)	1,502,123,623.08	
Security deposit	1,340,438,686.72	911,468,753.18
Government grants	110,408,102.70	119,224,106.02
Compensation	98,048,892.18	183,952,480.14
Project-related assets	91,599,128.37	154,287,145.38
Recovery of guarantee deposit	47,490,558.57	29,240,770.75
Interest income	40,934,477.62	159,061,224.19
Advance payment for collection	24,961,750.23	62,204,228.37
Debt collection	12,838,047.88	29,635,341.00
Cash received from the lease of fixed assets and investment properties	3,978,521.16	8,295,285.62
Revenue from fines	3,694,127.17	733,075.72
Appropriation	2,407,487.01	2,731,931.64
Others	226,295,616.76	261,574,074.08
Total	3,505,219,019.45	1,922,408,416.09

5.68.2 Cash paid for other operating activities

Item	Year 2022	Year 2021
Operating expenses	1,589,598,886.99	1,743,758,103.83
Security deposit payment	1,482,860,296.67	727,032,649.91
Imprest payment	107,814,749.25	45,758,119.37
Buy back business		44,271,537.80
Others	135,061,465.70	163,821,810.99
Total	3,315,335,398.61	2,724,642,221.90

5.68.3 Cash received from other financing activities

Item	Year 2022	Year 2021
Deposit of banker's acceptance deposit	241,028,000.00	300,300,000.00
Pay the rental fee	159,853,919.03	139,365,898.32

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Item	Year 2022	Year 2021
Dividend fee	274,918.73	221,513.33
Others	2,451,735.21	2,440,341.76
Total	403,608,572.97	442,327,753.41

5.68.4 Cash paid for other investment activities

Item	Year 2022	Year 2021
Pay the transfer of the right to the use of state-owned land	9,682,000.00	
Investment fees	1,150.00	
Total	9,683,150.00	

5.69 Supplementary information to the statement of cash flows

5.69.1 Supplementary information to the statement of cash flows

Item	Year 2022	Year 2021
1. Net profit adjusted to cash flows from operating activities		
Net profit	3,010,356,527.92	2,429,223,530.26
Plus: losses from credit impairment	-277,444,685.94	198,976,953.76
Provision for asset impairment	480,476,926.26	549,024,327.71
Depreciation of investment properties and fixed assets	640,041,438.64	664,477,396.82
Depreciation of right-of-use assets	123,415,724.26	135,276,975.82
Amortization of intangible assets	122,007,814.79	97,195,389.05
Amortization of long-term deferred expenses	672,595.30	473,226.54
Losses on disposal of fixed assets, intangible assets and other long-term assets ("-" for income)	-50,192,696.72	-271,943,405.18
Losses from scrapping of fixed assets ("-" for income)	963,091.17	1,981,493.02
Losses from changes in fair value ("-" for income)	61,542,570.68	-173,613,348.19
Financial expenses ("-" for income)	-73,788,316.77	99,690,775.62
Investment losses ("-" for income)	-480,560,078.52	-425,573,959.28
Decreases in deferred income tax assets ("-" for increases)	-7,476,947.83	-164,460,648.08
Increases in deferred income tax liabilities ("-" for decreases)	14,351,000.66	11,596,105.00
Decreases in Contract assets ("-" for increases)		
Decreases in inventories ("-" for increases)	607,172,948.08	-3,452,578,773.31
Decreases in operating receivables ("-" for increases)	-2,439,416,516.80	-2,698,028,967.11
Increases in operating payables ("-" for decreases)	6,677,995,023.12	-1,422,606,052.61
Others		
Net cash flows from operating activities	8,410,116,418.30	-4,420,888,980.16
2. Significant investing and financing activities not involving cash receipts and payments		
Conversion of debt into capital		

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Item	Year 2022	Year 2021
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	12,116,255,168.62	16,324,077,597.44
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	-4,207,822,428.82	-7,953,671,910.00

5.69.2 Breakdown of cash and cash equivalents

Item	Year 2022	Year 2021
I. Cash	12,116,255,168.62	16,324,077,597.44
Including: cash on hand	1,026,175.33	1,321,721.01
Unrestricted bank deposit	3,280,280,084.00	1,816,058,159.40
Other unrestricted cash and cash equivalents	90,189,629.75	359,172,973.46
Unrestricted deposits in central bank	246,595,533.42	160,117,906.97
Deposits in banks and other financial institutions	8,498,163,746.12	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	12,116,255,168.62	16,324,077,597.44
Including: cash and cash equivalents restricted for use by the parent company or subsidiaries in the Group		

5.70 Assets with restrictions on the ownership or use right

Item	Balance as at December 31, 2022	Reason for restriction
Monetary funds	2,922,699,243.58	Deposits in central bank, reserves and security deposits
fixed assets	71,173,706.49	Mortgage borrowings
Intangible assets	525,422,087.47	Mortgage borrowings
Total	3,519,295,037.54	

5.71 Foreign currency monetary items

Item	Balance in foreign currency as at December 31, 2022	Exchange rate for conversion	Balance of RMB converted as at December 31, 2022
Monetary funds			1,863,688,886.19
Including: USD	180,986,243.75	6.9646	1,260,496,793.22
HKD	135.76	0.8933	121.27
JPY	4,258,015,014.50	0.0524	223,119,986.76

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Item	Balance in foreign currency as at December 31, 2022	Exchange rate for conversion	Balance of RMB converted as at December 31, 2022
EUR	32,754,701.82	7.4229	243,134,876.14
GBP	1.17	8.3941	9.82
CHF	44,477.30	7.5432	335,501.16
CAD	9.01	5.1385	46.30
INR	648,489,386.94	0.0842	54,602,806.38
PKR	445,436.69	0.0308	13,719.45
VND	2,942,943,800.00	0.0003	882,883.14
BAM	2,240,954.71	3.7920	8,497,700.25
ETB	35,163,918.59	0.1307	4,595,924.16
LAK	1,422,169,275.00	0.0004	568,867.71
LKR	53,954.17	0.0192	1,035.92
LKR	21,633,207.84	0.0676	1,462,404.85
BDT	47,879.61	0.3723	17,825.58
IDR	52,286,453,525.00	0.0004	20,914,581.41
Others	38,530,934.17		45,043,802.67
Accounts receivable			589,420,671.78
Including: USD	80,501,359.26	6.9646	560,659,766.73
EUR	55,013.35	7.4229	408,358.60
INR	35,928,871.14	0.0842	3,025,210.95
ETB	24,217,260.29	0.1307	3,165,195.92
NPR	13,292,181.94	0.0526	699,168.77
IDR	53,657,427,025.00	0.0004	21,462,970.81
Other accounts receivable			32,073,244.26
Including: USD	3,827,244.48	6.9646	26,655,226.90
SEK	3,360.10	0.6659	2,237.49
INR	32,332,645.25	0.0842	2,722,408.73
VND	128,015,333.33	0.0003	38,404.60
BAM	3,999.03	3.7920	15,164.32
IDR	4,610,510,925.00	0.0004	1,844,204.37
Others	200,600.00		795,597.85
Accounts payable			343,797,127.53
Including: USD	4,684,905.17	6.9646	32,628,490.53
HKD	109,314.17	0.8933	97,650.35
JPY	3,685,188,157.06	0.0524	193,103,859.43
EUR	9,679,012.86	7.4229	71,846,344.53
CHF	365,591.38	7.5432	2,757,728.86
CAD	1,187,513.30	5.1385	6,102,037.08
INR	135,410.93	0.0842	11,401.60
IDR	718,022,675.00	0.0004	287,209.07

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Item	Balance in foreign currency as at December 31, 2022	Exchange rate for conversion	Balance of RMB converted as at December 31, 2022
Others	18,403,906.63		36,962,406.08
Other payables			42,192,420.61
Including: USD	5,721,421.21	6.9646	39,847,410.18
HKD	16,387.10	0.8933	14,638.60
JPY	94,518.13	0.0524	4,952.75
EUR	7,224.75	7.4229	53,628.60
INR	16,544,867.58	0.0842	1,393,077.85
PKR	17,006,813.96	0.0308	523,809.87
IDR	402,977,825.00	0.0004	161,191.13
Others	195,480,900.00		193,711.63
Interest receivable			2,445,967.59
Including: USD	351,200.01	6.9646	2,445,967.59
Interest payables			173,719.90
Including: USD	24,943.27	6.9646	173,719.90
Absorption of deposits			89,564,436.57
Including: EUR	873.92	7.4229	6,487.02
USD	12,859,022.70	6.9646	89,557,949.50
JPY	1.00	0.0524	0.05
Long-term borrowings			368,151,541.84
Including: USD	52,860,400.00	6.9646	368,151,541.84

5.72 Government grants

5.72.1 Asset-related government grants

Government grants Category	Year 2022	Amount included in the current profit or loss or used to offset the losses of related costs	Note
Government grants included in deferred revenue	61,600,525.38	89,397,730.32	
Government grants included in other income	57,603,686.15	57,603,686.15	
Government grants included in non-operating income	7,530,349.21	7,530,349.21	
Government grants to offset the book value of related assets			
Government grants to offset costs and expenses	122,892,159.08	122,892,159.08	首台（套）重大技术装备保险补助
Total	249,626,719.82	277,423,924.76	

6、Changes in the scope of consolidation

6.1 Changes in scope of consolidation due to other reasons

S.N.	Name	Forming/losing control	Net assets as at December 31, 2021	Net profit in 2021
1	Fuyang Dongfang Electric Hydrogen Energy Co., Ltd	Established	6,639,511.23	39,511.23
2	Dongfang Electric (Yanyuan) New Energy Equipment Co., Ltd	Established	11,030,092.60	392,122.57
3	Dongfang Wind Power (Liangshan) New Energy Co., Ltd	Established	1,802,425.83	802,425.83
4	Xinjiang Dongfang Wind Power New Energy Co., Ltd	Established	10,598,828.72	517,753.72
5	Dongfang Electric Wind Power (Nanjing) Co., Ltd	Established		
6	Yumen Dongyu New Energy Co., Ltd	Established		
7	Inner Mongolia Oriental Wind Power New Energy Co., Ltd	Established		
8	Dongfang Electric Azerbaijan Ltd	Established	1,498,808.99	166,675.24
9	Uzi Solar Project Co., Ltd	Established		
10	Dongfang Electric (Fujian) Hydrogen Energy Technology Co., Ltd	Established	1,797,641.70	-202,358.30
11	Dongfang Electric (Fujian) Innovation Research Institute Co., Ltd	Established	50,356,581.03	356,581.03
12	Dongfang Tournopce Hydrogen Energy (Liangshan) Co., Ltd	Established		
13	Mulei Dongxin New Energy Co., Ltd	Established		
14	Dongfang Electric Venezuela LLC	Deregistration		

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	
Dongfang Turbine Co., Ltd.	Deyang, Sichuan	Deyang, Sichuan	Production	91.30		Established by investment
DongFang Boiler (Group) Co.,Ltd.	Zigong, Sichuan	Zigong, Sichuan	Production	95.35		Established by investment

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Subsidiary	Main business place	Registration place	Business nature	Shareholding ratio (%)		Method of acquisition
				Direct	Indirect	
Chengdu Dongfang Kwh Environmental Protection Catalysts Co., Ltd.	Chengdu, Sichuan	Chengdu, Sichuan	Production of dedicated pharmaceutical and medicinal materials		60.81	Established by investment
Henan Dongfang Boiler City Environmental Protection Equipment Co., Ltd.	Jiaozuo, Henan	Jiaozuo, Henan	Manufacturing of dedicated equipment for environmental protection		80.00	Established by investment
Dongfang Boiler Control Co., Ltd.	Shenzhen, Guangdong	Shenzhen, Guangdong	General equipment manufacturing		80.00	Established by investment
Dongguo Yaan hydrogen energy	Ya'an, Sichuan	Ya'an, Sichuan	Service		66.00	Established by investment
Dongfang Electric	Deyang, Sichuan	Deyang, Sichuan	Production	91.86		Established by investment
Dongfang heavy machinery	Guangzhou, Guangdong	Guangzhou, Guangdong	Production	48.17	12.72	Established by investment
Dongfang Electric (Wuhan) Nuclear Equipment Co., Ltd.	Wuhan, Hubei	Wuhan, Hubei	Production	100.00		Established by investment
DongFangElectric (India) PrivateLimited	Calcutta, India	Calcutta, India	Service	100.00		Established by investment
PT.Dongfang Electric Indonesia Company	Jakarta, Indonesia	Jakarta, Indonesia	Service		51.00	Established by investment
Dongfang electric motor	Deyang, Sichuan	Deyang, Sichuan	Electrical machinery and equipment manufacturing		90.00	Established by investment
Dongfang Guangdong energy	Yangjiang, Guangdong	Yangjiang, Guangdong	Service		100.00	Established by investment
Dongfang Electric Wind Power Co., Ltd.	Deyang, Sichuan	Deyang, Sichuan	Production	41.19	34.99	Established by investment
Dongfang Electrical (Tianjin) Wind Power Technology Co., Ltd.	Tianjin	Tianjin	Production		100.00	Established by investment
DongfangTianjin Blade	Tianjin	Tianjin	Production		85.00	Established by investment
Dongfang Electric Wind Power (Liangshan) Co., Ltd.	Liangshan, Sichuan	Liangshan, Sichuan	Production		100.00	Established by investment
Dongfang Electric Wind Power (Fujian) Co., Ltd.	Fujian	Fujian	Power equipment manufacturing		100.00	Established by investment
Dongfang Electric Wind	Shandong	Shandong	Power equipment		55.00	Established by

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Subsidiary	Main business place	Registration place	Business nature	Shareholding ratio (%)		Method of acquisition
				Direct	Indirect	
Power (Shandong) Co., Ltd.			manufacturing			investment
Dongfang Electric Wind Power (Hinggan League) Co., Ltd.	Hinggan League	Hinggan League	Power equipment manufacturing		100.00	Established by investment
Dongfang Electric Wind Blade (Hinggan League) Co., Ltd.	Hinggan League	Hinggan League	Power equipment manufacturing		100.00	Established by investment
Dongfang xinneng technology	Chengdu, Sichuan	Chengdu, Sichuan	Wind turbine maintenance		100.00	Established by investment
Dongfang Electric Group Finance Co., Ltd.	Chengdu, Sichuan	Chengdu, Sichuan	Finance	95.00		Business combination under common control
Dongfang Electric International Corporation	Chengdu, Sichuan	Chengdu, Sichuan	International trade	100.00		Business combination under common control
Laos Namang River Power Co., Ltd.	Vientiane, Laos	Vientiane, Laos	Electricity supply		75.00	Business combination under common control
Dongfang Electric (Chengdu) Engineering & Consulting Co., Ltd.	Chengdu, Sichuan	Chengdu, Sichuan	Consulting service		100.00	Business combination under common control
Deyang Dongfang Aberle Sysrem Corporation Limited	Mianzhu, Sichuan	Mianzhu, Sichuan	Machine manufacturing		83.76	Business combination under common control
Dongfang Electric Auto Control Engineering Co., Ltd.	Deyang, Sichuan	Deyang, Sichuan	Power unit manufacturing	46.62	49.36	Business combination under common control
Dongfang Hitachi (Chengdu) Electric Control Equipment Co., Ltd.	Chengdu, Sichuan	Chengdu, Sichuan	Production		51.00	Business combination under common control
Dongfang Electric	Chengdu, Sichuan	Chengdu, Sichuan	Commodity circulation	100.00		Business

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Subsidiary	Main business place	Registration place	Business nature	Shareholding ratio (%)		Method of acquisition
				Direct	Indirect	
Corporation Materials Co.						combination under common control
DEC Project Cargo Logistics Co., Ltd.	Chengdu, Sichuan	Chengdu, Sichuan	Transportation		100.00	Business combination under common control
DongfangResearch Institute	Chengdu, Sichuan	Chengdu, Sichuan	Technical Services	90.02		Business combination under common control
DongfangHydrogen	Chengdu, Sichuan	Chengdu, Sichuan	Technical Services	42.94	4.36	Business combination under common control
DongfangInnovation and Technology	Chengdu, Sichuan	Chengdu, Sichuan	Service	100.00		Established by investment
Dongfang Jiangsu Hydrogen Science	Suzhou Jiangsu	Suzhou Jiangsu	Electrical machinery and equipment manufacturing		60.00	Established by investment
Dongfang Beijing Hydrogen Science	Beijing	Beijing	Electrical machinery and equipment manufacturing		100.00	Established by investment
Dongfang Anhui Hydrogen Science	Fuyang, Anhui	Fuyang, Anhui	Electrical machinery and equipment manufacturing		100.00	Established by investment
Dongfang Hebei Hydrogen Science	Tangshan, Hebei	Tangshan, Hebei	Electrical machinery and equipment manufacturing		100.00	Established by investment
Dongguo Anhui Hydrogen Energy	Fuyang, Anhui	Fuyang, Anhui	Heat production and supply		90.00	Established by investment
Dongguo Neijiang Hydrogen Energy	Neijiang, Sichuan	Neijiang, Sichuan	Heat production and supply		51.00	Established by investment
DongguoChengdu Hydrogen Energy	Chengdu, Sichuan	Chengdu, Sichuan	Heat production and supply		77.20	Established by investment

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Subsidiary	Main business place	Registration place	Business nature	Shareholding ratio (%)		Method of acquisition
				Direct	Indirect	
Dongguo Guiyang Hydrogen Energy	Guiyang, Guizhou	Guiyang, Guizhou	Heat production and supply		100.00	Established by investment
Dongdian (Shandong) Energy Technology Co., Ltd.	Deyang, Sichuan	Deyang, Sichuan	Generator and Generating Set Manufacturing		100.00	Established by investment
Dongfang Jiangsu Energy	Nantong, Jiangsu	Nantong, Jiangsu	Generator and Generating Set Manufacturing		68.05	Established by investment
Dongfang Electric (Guangdong) Wind Power Equipment Co., Ltd.	Yangjiang, Guangdong	Yangjiang, Guangdong	Generator and Generating Set Manufacturing		100.00	Established by investment
Dongfang Electric (Guangyuan) New Energy Co., Ltd.	Guangyuan, Sichuan	Guangyuan, Sichuan	Generator and Generating Set Manufacturing		100.00	Established by investment
Dongfang (Shandong) Wind Power Equipment Manufacturing Co., Ltd.	Binzhou, Shandong	Binzhou, Shandong	Generator and Generating Set Manufacturing		100.00	Established by investment
Dongfang Electric Guoxin Hydrogen Energy (Deyang) Co., Ltd.	Deyang, Sichuan	Deyang, Sichuan	Heat production and supply		51.00	Established by investment
Dongji Tongyu Energy	Baicheng, Jilin	Baicheng, Jilin	Generator and Generating Set Manufacturing		100.00	Established by investment
Dongji Shuanggang Wind Power	Baicheng, Jilin	Baicheng, Jilin	Generator and Generating Set Manufacturing		100.00	Established by investment
Jiuquan Dongsu New Energy Co., Ltd.	Jiuquan, Gansu	Jiuquan, Gansu	Generator and Generating Set Manufacturing		100.00	Established by investment
Jiuquan Dongsu Mazongshan New Energy Co., Ltd.	Jiuquan, Gansu	Jiuquan, Gansu	Generator and Generating Set Manufacturing		100.00	Established by investment
DechangNew Energy	Dechang, Sichuan	Dechang, Sichuan	Generator and Generating Set Manufacturing		100.00	Established by investment
Fuyang Dongfang Electric Hydrogen Energy Co., Ltd	Fuyang, Anhui	Fuyang, Anhui	Heat production and supply		77.27	Established by investment
Dongfang Tournopac	Liangshan, Anhui	Liangshan, Anhui	Heat production		50.00	Established by investment

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Subsidiary	Main business place	Registration place	Business nature	Shareholding ratio (%)		Method of acquisition
				Direct	Indirect	
Hydrogen Energy (Liangshan) Co., Ltd	Sichuan	Sichuan	and supply			investment
Dongfang Electric (Yanyuan) New Energy Equipment Co., Ltd	Liangshan, Sichuan	Liangshan, Sichuan	Generator and generator set manufacturing		65.00	Established by investment
Dongfang Wind Power (Liangshan) New Energy Co., Ltd	Liangshan, Sichuan	Liangshan, Sichuan	Generator and generator set manufacturing		100.00	Established by investment
Xinjiang Dongfang Wind Power New Energy Co., Ltd	Changji, Xinjiang	Changji, Xinjiang	Generator and generator set manufacturing		100.00	Established by investment
Mulei Dongxin New Energy Co., Ltd	Changji, Xinjiang	Changji, Xinjiang	Generator and generator set manufacturing		100.00	Established by investment
Dongfang Electric Wind Power (Nanjing) Co., Ltd	Nanjing, Jiangsu	Nanjing, Jiangsu	Generator and generator set manufacturing		50.00	Established by investment
Yumen Dongyu New Energy Co., Ltd	Jiuquan, Gansu	Jiuquan, Gansu	Generator and generator set manufacturing		100.00	Established by investment
Inner Mongolia Dongfang Wind Power New Energy Co., Ltd	Inner Mongolia	Inner Mongolia	Generator and generator set manufacturing		100.00	Established by investment
Dongfang Electric Azerbaijan Ltd	Azerbaijan	Azerbaijan	produce		100.00	Established by investment
Uzi Solar Project Co., Ltd	Uzbekistan	Uzbekistan	produce		100.00	Established by investment
Dongfang Electric (Fujian) Hydrogen Energy Technology Co., Ltd	Fuzhou, Fujian	Fuzhou, Fujian	Heat production and supply		100.00	Established by investment
Dongfang Electric (Fujian) Innovation Research Institute Co., Ltd	Fuzhou, Fujian	Fuzhou, Fujian	Technical Services		100.00	Established by investment
Dongfang Electric (Jiuquan) Wind Power Equipment Co., Ltd.	Jiuquan, Gansu	Jiuquan, Gansu	Generator and Generating Set Manufacturing		100.00	Established by investment
DongfangZhongneng	Chengdu,	Chengdu,	Internet		66.00	Established by

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Subsidiary	Main business place	Registration place	Business nature	Shareholding ratio (%)		Method of acquisition
				Direct	Indirect	
	Sichuan	Sichuan	Information Service			investment

(1) The basis for holding half or less of the voting rights but still controlling the investee unit

Subsidiary	Main business place	Registration place	Shareholding ratio (%)	Voting rights ratio(%)
Dongfang Hydrogen	Chengdu, Sichuan	Chengdu, Sichuan	47.30	47.30

Note: According to the relevant resolution documents of the company, the company's subsidiary, Oriental Hydrogen Energy, solicited interested investors through the public listing of the Shanghai Stock Exchange to increase capital and shares, and enhance its strength. In 2022, the Oriental Hydrogen Energy Capital Increase and Share Expansion Project successfully introduced 6 new strategic investors, including Sichuan Investment Group, Dongfang Boiler, Nangang Shares, Xingxing Fund, Hydrogen City Growth Fund and Jiuzhuo Fund. After the completion of this round of capital increase, the company's direct shareholding ratio in Dongfang Hydrogen Energy is 42.94%, and indirect shareholding is 4.36%. The Board of Directors of Oriental Hydrogen Energy has 9 directors, and 5 of them are nominated by the Company. According to the relevant provisions of the Oriental Hydrogen Energy Charter: "The resolution of the board of directors must be passed by a majority of all directors". According to the articles of association, the company still has control over Oriental Hydrogen Energy.

(2) The basis for holding more than half of the voting rights but not controlling the investee unit

Subsidiary	Main business place	Registration place	Shareholding ratio (%)	Voting rights ratio(%)
Dongfang Electric (Xichang) Hydrogen Energy Co., Ltd	Xichang, Sichuan	Xichang, Sichuan	66.00	66.00

Note: On February 28, 2019, Dongfang Boiler and Dongfang Hydrogen Energy, subsidiaries of the Company, jointly invested in the establishment of Dongfang Electric (Xichang) Hydrogen Energy Co., Ltd. with Xichang State-owned Assets Operation and Management Co., Ltd., holding 50.00% and 16.00% of the shares respectively after the completion of the investment. The board of directors of Oriental Xichang Hydrogen Energy has a total of four directors, of which Dongfang Boiler and Dongfang Hydrogen Energy are each stationed one (a total of two). According to the relevant provisions of the articles of association of Dongfang Xichang Hydrogen Energy: "Article 15 The company's business policy and investment plan decision, deliberation and approval of the board of directors' report, deliberation and approval of the annual financial budget plan and final account plan, deliberation and approval of the company's profit distribution plan and loss recovery

plan must be approved by a vote of shareholders with more than two-thirds (excluding the principal number) of voting rights" "Article 16 Amendments to the articles of association, investment and external guarantee, merger and division, profit distribution, dissolution, liquidation or change of the company's form must be unanimously approved by all shareholders" 。 According to the articles of association, the company does not have control over Oriental Xichang Hydrogen Energy, so Oriental Xichang Hydrogen Energy is not included in the scope of merger.

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 2022	Ending balance of minority equity	Note
DongFang Boiler (Group) Co.,Ltd.	4.65	23,984,505.21	10,363,773.29	359,313,108.15	
Dongfang Electric Auto Control Engineering Co., Ltd.	3.70	2,637,429.03	44,335.32	33,139,006.88	
Dongfang Electric Group Finance Co., Ltd.	5.00	17,210,528.83	6,560,119.23	183,963,683.63	
Dongfang Turbine Co., Ltd.	8.70	45,846,283.91	15,069,420.04	659,000,819.68	
Dongfang Electric Machinery Company Limited	8.14	53,593,353.73	17,106,242.85	535,956,993.64	
Dongfang Wind Power	23.83	8,038,856.54	4,820,250.00	374,494,396.95	
Dongfang (Guangzhou) Heavy Machinery Co., Ltd.	39.11	7,355,066.92	3,365,264.61	647,903,461.40	

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

Table1:

Item	Balance of RMB as at December 31, 2022			
	Dongfang Turbine Co., Ltd.	DongFang Boiler (Group) Co.,Ltd.	Dongfang Electric Machinery Company Limited	Dongfang Electric Group Finance Co., Ltd.
Current assets	22,063,079,373.35	20,767,778,019.47	17,247,066,647.14	16,982,453,210.87
Non-current assets	5,901,613,790.40	3,522,215,708.63	3,946,288,679.99	30,100,135,329.40
Total assets	27,964,693,163.75	24,289,993,728.10	21,193,355,327.13	47,082,588,540.27
Current liabilities	18,883,346,452.95	13,831,994,659.25	12,940,254,365.39	43,391,608,194.86
Non-current liabilities	1,442,405,082.61	2,536,565,777.18	1,648,698,733.75	11,706,672.79
Total liabilities	20,325,751,535.56	16,368,560,436.43	14,588,953,099.14	43,403,314,867.65

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Item	Balance of RMB as at December 31, 2022			
	Dongfang Turbine Co., Ltd.	DongFang Boiler (Group) Co.,Ltd.	Dongfang Electric Machinery Company Limited	Dongfang Electric Group Finance Co., Ltd.
Operating revenue	10,516,442,658.42	12,153,466,838.00	9,513,879,258.79	11,947,244.92
Net profit	818,074,105.07	748,883,264.49	659,296,155.55	344,210,576.63
Total comprehensive income	818,158,784.26	746,588,264.49	685,819,988.04	369,866,725.75
Cash flows from operating activities	253,601,060.37	1,659,824,335.38	750,171,190.94	5,904,729,664.47

(CONT'S):

Item	Balance of RMB as at December 31, 2021			
	Dongfang Turbine Co., Ltd.	DongFang Boiler (Group) Co.,Ltd.	Dongfang Electric Machinery Company Limited	Dongfang Electric Group Finance Co., Ltd.
Current assets	19,789,306,774.39	17,574,329,328.41	16,508,974,924.28	26,854,926,504.10
Non-current assets	5,730,616,966.77	3,955,076,485.45	2,952,455,280.38	16,127,420,782.45
Total assets	25,519,923,741.16	21,529,405,813.86	19,461,430,204.66	42,982,347,286.55
Current liabilities	17,420,605,912.06	10,828,064,741.72	11,754,237,520.05	39,534,370,470.33
Non-current liabilities	1,418,229,061.88	3,373,501,697.32	1,564,560,970.02	7,367,484.69
Total liabilities	18,838,834,973.94	14,201,566,439.04	13,318,798,490.07	39,541,737,955.02
Operating revenue	8,709,553,892.46	10,216,305,938.53	8,533,588,636.31	1,109,027,875.90
Net profit	537,677,029.19	649,465,360.71	420,527,121.72	262,404,769.32
Total comprehensive income	535,929,155.48	651,760,360.71	420,527,121.69	255,918,917.97
Cash flows from operating activities	814,186,506.61	194,747,383.29	250,772,850.68	-3,413,991,206.65

Table2:

Item	Balance of RMB as at December 31, 2022		
	Dongfang Electric Auto Control Engineering Co., Ltd.	Dongfang Heavy Machinery Co., Ltd.	Dongfang Electric Wind Power Co., Ltd.
Current assets	3,057,527,912.03	3,167,983,288.31	13,693,448,640.50
Non-current assets	482,479,085.55	795,666,342.10	3,511,622,335.33
Total assets	3,540,006,997.58	3,963,649,630.41	17,205,070,975.83
Current liabilities	2,412,521,308.36	2,043,434,577.19	12,715,729,170.45
Non-current liabilities	50,973,357.59	255,273,504.97	2,393,384,926.32
Total liabilities	2,463,494,665.95	2,298,708,082.16	15,109,114,096.77
Operating revenue	3,004,947,872.62	1,558,014,085.02	12,604,351,884.16
Net profit	93,416,506.43	18,806,103.09	57,637,470.65
Total comprehensive income	93,388,706.43	18,806,103.09	57,637,470.65

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Item	Balance of RMB as at December 31, 2022		
	Dongfang Electric Auto Control Engineering Co., Ltd.	Dongfang Heavy Machinery Co., Ltd.	Dongfang Electric Wind Power Co., Ltd.
Cash flows from operating activities	160,583,522.91	94,372,025.70	34,182,058.82

(CONT'S):

Item	Balance of RMB as at December 31, 2021		
	Dongfang Electric Auto Control Engineering Co., Ltd.	Dongfang Heavy Machinery Co., Ltd.	Dongfang Electric Wind Power Co., Ltd.
Current assets	2,162,236,154.50	2,590,910,297.17	13,050,467,910.60
Non-current assets	443,344,661.32	839,603,788.17	3,006,910,041.40
Total assets	2,605,580,815.82	3,430,514,085.34	16,057,377,952.00
Current liabilities	1,549,466,648.94	1,613,988,846.07	12,666,067,908.01
Non-current liabilities	40,578,243.85	161,645,621.98	1,498,701,211.34
Total liabilities	1,590,044,892.79	1,775,634,468.05	14,164,769,119.35
Operating revenue	2,527,979,208.77	1,430,132,796.23	12,530,590,519.89
Net profit	83,657,850.83	17,488,344.26	90,857,731.68
Total comprehensive income	83,685,650.83	17,488,344.26	90,857,731.68
Cash flows from operating activities	-125,376,832.36	42,499,301.87	221,020,925.70

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, Dongfang Hydrogen Energy, a subsidiary of the company, solicited interested investors through a public listing on the Shanghai Stock Exchange to increase capital and shares, and enhance its strength. In 2022, the Dongfang Hydrogen Energy Capital Increase and Share Expansion Project successfully introduced 6 new strategic investors, including Sichuan Investment Group, Dongfang Boiler, Nangang Shares, Xingxing Fund, Hydrogen City Growth Fund and Jiuzhuo Fund. After the completion of this round of capital increase, the company's direct shareholding ratio in Dongfang Hydrogen Energy is 42.94%, and indirect shareholding is 4.36%. The Board of Directors of Dongfang Hydrogen Energy has 9 directors, and 5 of them are nominated by the Company. According to the relevant provisions of the Dongfang Hydrogen Energy Charter: "The resolution of the board of directors must be passed by a majority of all directors". According to the articles of association, the company still has control over Dongfang Hydrogen Energy.

(2) According to the relevant resolution documents of the company, the company acquired

33.00% of the equity of Wuhan Boiler Group Co., Ltd. held by Dongfang Wuhan Nuclear Power for cash, and Dongfang Wu Nuclear has become a wholly-owned subsidiary of the company.

(3) In order to ensure the effective implementation of state-owned capital rights, optimize the capital structure of relevant subsidiaries and promote the long-term development of subsidiaries, Dongfang Electric Group, the controlling shareholder of the Company, intends to increase capital to the Company's subsidiaries Dongfang Steam Turbine, Dongfang Boiler and Dongfang Research Institute respectively by non-public agreement, after the completion of this capital increase, the Company's shareholding ratio in the above subsidiaries is 91.30%, 95.35% and 90.02% respectively, and the Company still has control over the above subsidiaries.

7.2.2 Effect of transactions on minority interests and equity attributable to owners of the parent company

Item	Dongfang hydrogen energy	Dongfang nuclear nucleus
Total purchase cost/disposal consideration	203,422,883.75	114,300,000.00
Less: the share of net assets of subsidiaries calculated according to the proportion of acquired/disposed equity	148,011,512.61	149,317,375.76
Difference	55,411,371.14	-35,017,375.76
Including: adjustment to capital reserves	55,411,371.14	-35,017,375.76

Item	Dongfang steam turbine	Dongfang boiler	Institute of Dongfang
Total purchase cost/disposal consideration	420,000,000.00	150,000,000.00	40,000,000.00
Less: the share of net assets of subsidiaries calculated according to the proportion of acquired/disposed equity	259,314,853.94	115,641,453.58	24,481,287.84
Difference	160,685,146.06	34,358,546.42	15,518,712.16
Including: adjustment to capital reserves	160,685,146.06	34,358,546.42	15,518,712.16

7.3 Equity in joint venture arrangements or associates

7.3.1 Major joint ventures or associates

Name of joint venture/associate	Main business place	Registration place	Business nature	Shareholding ratio (%)		Accounting treatment method
				Direct	Indirect	
MHPS Dongfang Boiler Co., Ltd.	Jiaxing, Zhejiang	Jiaxing, Zhejiang	Production		50.00	Equity method
Framatome Dongfang Reactor Coolant Pumps Company Limited	Deyang, Sichuan	Deyang, Sichuan	Production	50.00		Equity method
Mitsubishi Heavy Industries Dongfang Gas Turbine (Guangzhou) Co., Ltd.	Nansha, Guangzhou	Nansha, Guangzhou	Production		49.00	Equity method
Sichuan Energy Wind Power Development Co., Ltd.	Leshan, Sichuan	Leshan City	Cargo transportation	20.00		Equity method
Sichuan Dongshu New Materials Co., Ltd.	Sichuan Province	Sichuan Province	Manufacturing		47.54	Equity method

7.3.2 Principle financial information of major joint ventures

Item	Balance as at December 31, 2022/Year 2022	
	MHPS Dongfang Boiler Co., Ltd.	Framatome Dongfang Reactor Coolant Pumps Company Limited
Current assets	1,254,754,795.15	1,191,371,513.04
Including: cash and cash equivalents	162,022,312.52	427,148,155.86
Non-current assets	219,376,539.32	69,190,225.78
Total assets	1,474,131,334.47	1,260,561,738.82
Current liabilities	987,921,197.96	782,958,980.82
Non-current liabilities	67,118,065.36	34,797,389.79
Total liabilities	1,055,039,263.32	817,756,370.61
Minority equity		
Equity attributable to shareholders of the parent company	419,092,071.15	442,805,368.21
Net asset share calculated by shareholding ratio	209,546,035.58	221,402,684.11
Adjustments		
- Goodwill		
-Unrealized profits of internal transactions		
- Others		
Book value of the equity investment in joint ventures	209,546,035.58	221,402,684.11
Fair value of the equity investment in joint ventures with public offer		
Operating revenue	1,104,072,255.70	263,003,322.00
Financial expenses	8,602,460.00	-1,307,286.23
Income tax expenses	-363,728.81	
Net profit	19,321,942.57	37,728,520.35
Net profit of discontinued operation		
Other comprehensive income		
Total comprehensive income	19,321,942.57	37,728,520.35
Dividends received from joint ventures in current period	2,642,181.57	21,712,801.41

(CONT'S):

Item	Balance as at December 31, 2021/Year 2021	
	MHPS Dongfang Boiler Co., Ltd.	Framatome Dongfang Reactor Coolant Pumps Company Limited
Current assets	1,186,819,506.80	1,207,599,760.96
Including: cash and cash equivalents	118,477,861.43	453,440,106.81
Non-current assets	230,132,256.74	77,374,143.57
Total assets	1,416,951,763.54	1,284,973,904.53

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Item	Balance as at December 31, 2021/Year 2021	
	MHPS Dongfang Boiler Co., Ltd.	Framatome Dongfang Reactor Coolant Pumps Company Limited
Current liabilities	940,642,799.01	794,763,164.17
Non-current liabilities	71,575,820.41	43,371,117.26
Total liabilities	1,012,218,619.42	838,134,281.43
Minority equity		
Equity attributable to shareholders of the parent company	404,733,144.12	446,839,623.10
Net asset share calculated by shareholding ratio	202,366,572.06	223,419,811.55
Adjustments		
- Goodwill		
- Unrealized profits of internal transactions		
- Others		
Book value of the equity investment in joint ventures	202,366,572.06	223,419,811.55
Fair value of the equity investment in joint ventures with public offer		
Operating revenue	1,020,735,580.30	190,060,658.48
Financial expenses	8,649,879.40	-6,558,409.83
Income tax expenses	248,023.74	9,227,345.42
Net profit	12,433,795.61	52,288,290.62
Net profit of discontinued operation		
Other comprehensive income		
Total comprehensive income	12,433,795.61	52,288,290.62
Dividends received from joint ventures in current period	4,311,250.00	22,375,391.31

7.3.3 Principle financial information of major associates

Item	Balance as at December 31, 2022/Year 2022		
	Mitsubishi Heavy Industries Dongfang Gas Turbine Co., Ltd.	Sichuan Energy Wind Power Development Co., Ltd.	Sichuan Dongshu New Materials Co., Ltd.
Current assets	1,369,299,772.77	2,852,474,062.37	1,197,588,840.16
Including: cash and cash equivalents	269,355,044.49	6,122,057,706.31	358,389,707.06
Non-current assets	1,638,654,817.26	8,974,531,768.68	1,555,978,547.22
Current liabilities	602,266,133.41	1,275,399,431.17	1,059,638,403.70
Non-current liabilities	14,279,166.15	3,857,580,292.03	1,506,498.57
Total liabilities	616,545,299.56	5,132,979,723.20	1,061,144,902.27
Minority equity		518,070,804.46	
Equity attributable to shareholders of the parent company	1,022,109,517.70	3,323,481,241.02	494,833,644.95
Net asset share calculated by shareholding	500,833,663.67	664,696,248.20	235,243,914.81

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Item	Balance as at December 31, 2022/Year 2022		
	Mitsubishi Heavy Industries Dongfang Gas Turbine Co., Ltd.	Sichuan Energy Wind Power Development Co., Ltd.	Sichuan Dongshu New Materials Co., Ltd.
ratio			
Adjustments			
- Goodwill			
-Unrealized profits of internal transactions			
- Others			
Book value of the equity investment in joint ventures	500,833,664.26	664,696,248.20	188,996,650.01
Fair value of the equity investment in joint ventures with public offer			
Operating revenue	1,030,968,179.95	1,354,479,508.75	1,604,912,590.37
Net profit	261,000,000.00	692,679,820.87	3,501,433.84
Net profit of discontinued operation			
Other comprehensive income			
Total comprehensive income	261,000,000.00	692,679,820.87	3,501,433.84
Dividends received from joint ventures in current period	131,146,215.00		15,003,624.00

(CONT'S):

Item	Balance as at December 31, 2021/Year 2021		
	Mitsubishi Heavy Industries Dongfang Gas Turbine Co., Ltd.	Sichuan Energy Wind Power Development Co., Ltd.	Sichuan Dongshu New Materials Co., Ltd.
Current assets	1,443,777,235.24	2,374,109,066.80	1,107,971,781.36
Including: cash and cash equivalents	313,863,427.94	6,112,544,548.22	99,572,814.66
Non-current assets	1,757,640,663.18	8,486,653,615.02	1,207,544,596.02
Current liabilities	719,603,468.68	1,596,090,056.11	829,543,536.35
Non-current liabilities	9,282,339.80	3,782,143,633.60	5,102,388.31
Total liabilities	728,885,808.48	5,378,233,689.71	834,645,924.66
Minority equity		420,665,060.94	
Equity attributable to shareholders of the parent company	1,028,754,854.70	2,687,754,864.37	372,898,671.36
Net asset share calculated by shareholding ratio	504,089,878.80	537,550,972.87	177,276,028.36
Adjustments			
- Goodwill			
-Unrealized profits of internal transactions	504,975.09		
- Others			
Book value of the equity investment in joint ventures	503,584,903.71	537,550,972.87	177,276,028.36

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Item	Balance as at December 31, 2021/Year 2021		
	Mitsubishi Heavy Industries Dongfang Gas Turbine Co., Ltd.	Sichuan Energy Wind Power Development Co., Ltd.	Sichuan Dongshu New Materials Co., Ltd.
Fair value of the equity investment in joint ventures with public offer			
Operating revenue	953,781,260.81	1,132,527,505.27	2,012,674,530.49
Net profit	299,645,543.77	492,892,080.05	63,070,239.32
Net profit of discontinued operation			
Other comprehensive income			
Total comprehensive income	299,645,543.77	492,892,080.05	63,070,239.32
Dividends received from joint ventures in current period	108,864,132.00		

7.3.4 Summary of financial information on insignificant joint ventures or associates

Item	Balance as at December 31, 2022/ Year 2022	Balance as at December 31, 2021/ Year 2021
Total book value of investment of Joint ventures	4,288,590.74	4,615,969.94
Total amounts of the following items calculated at shareholding ratio	—	—
Net profit	-432,140.54	-498,500.36
Other comprehensive income		
Total comprehensive income	-432,140.54	-498,500.36
Total book value of investment of Associates	607,185,128.83	609,084,583.58
Total amounts of the following items calculated at shareholding ratio	—	—
Net profit	17,998,933.32	66,140,874.41
Other comprehensive income		
Total comprehensive income	17,998,933.32	66,140,874.41

7.4 Others

None.

8、Risks related to financial instruments

The Company's main financial instruments include borrowings, receivables, contract assets, contract liabilities, payables, financial assets held for trading, financial liabilities held for trading, etc. For more details about financial instruments, please see Note 3 of these financial statements. Risks associated with these financial instruments, as well as the risk management policies taken by the Company to mitigate these risks are as set out below:

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. Our company continuously monitors the balance of bills receivable, accounts receivable and their recovery. For customers with poor credit records, our company will adopt written dunning, shorten the credit period or cancel the credit period to ensure that our company will not face major credit losses. In addition, the Company reviews the recovery of financial assets on each balance sheet date to ensure that the relevant financial assets have sufficient provision for expected credit losses.

Other financial assets of the Company include monetary funds, other receivables and transactional financial assets, etc. The credit risk of these financial assets originates from the counterparty's default, and the maximum credit risk exposure is the book amount of each financial asset in the balance sheet.

The monetary funds held by the Company are mainly deposited in financial institutions such as state-controlled banks and other large and medium-sized commercial banks. The management believes that these commercial banks have high reputation and asset status, and there is no significant credit risk, and no major losses will occur due to the default of the other unit. The Company's policy is to control the amount of deposits deposited according to the market reputation, business scale and financial background of well-known financial institutions, so as to limit the amount of credit risk to any single financial institution.

As part of the credit risk asset management of the Company, the Company uses aging to assess the impairment losses of accounts receivable and other receivables. The accounts receivable and other receivables of our company involve a large number of customers, and the aging information can reflect the solvency and bad debt risk of these customers. According to historical data, the company calculated the historical actual bad debt rate in different aging periods, and adjusted the forecast of current and future economic conditions, such as national GDP growth rate, total infrastructure investment, national monetary policy and other forward-looking information to obtain the expected loss rate. For long-term receivables, the Company comprehensively considers the settlement period, the payment period agreed in the contract, the debtor's financial situation and the economic situation of the debtor's industry, and takes into account the above forward-looking information to make a reasonable assessment of the expected credit loss after adjustment.

As of December 31, 2022, the book balance and expected credit impairment losses of related assets are as follows:

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Item	Book balance	Impairment reserve
Notes receivable	1,282,204,013.54	22,374,910.32
Receivables Financing	1,553,557,305.66	
Accounts receivable	14,770,395,477.33	4,678,158,294.93
Other receivable	738,986,382.96	299,224,540.28
Debt investment	25,449,300,031.70	69,170,625.00
Long-term receivables (including payments due within one year)	1,192,928,808.41	86,131,958.67
Disbursement of loans and advances	4,613,604,249.23	64,820,326.93
Total	49,600,976,268.83	5,219,880,656.13

On December 31, 2022, the amount of financial guarantee provided by the Company was RMB 92.5 million. Please refer to Note XI for details of the financial guarantee contract. According to the assessment of the management of the Company, there is no significant expected impairment provision for related financial guarantees.

8.2 Liquidity risk

The liquidity risk refers to the risk in which the Company cannot perform its financial obligations on the due date. The method used by the Company for the management over the liquidity risk is to guarantee that there is sufficient fund liquidity to repay the due debts so as to avoid any unacceptable loss or any damage to the enterprise reputation. The Company analyzes the liability structure and term on a regular basis to ensure that the fund is sufficient. The management of the Company supervises the use of the bank borrowings to guarantee the compliance of the borrowings agreement; meanwhile, it actively communicates with financial institutions to have enough line of credit and reduce the liquidity risk.

As the Company has good bank credit and higher credit rating, as at December 31, 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 December 31, 2022					Total
	Immediate repayment	Within 1 year	1-2 years	2-5 years	Over 5 years	
Financial assets						
Including: monetary funds		15,038,954,412.20				15,038,954,412.20
Financial assets held for trading		1,031,815,888.77				1,031,815,888.77
Notes receivable		1,259,829,103.22				1,259,829,103.22
Accounts receivable		10,092,237,182.40				10,092,237,182.40

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Item	Balance as at December 31, 2022					
	Immediate repayment	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Accounts receivable financing		1,553,557,305.66				1,553,557,305.66
Other receivables		508,367,654.26				508,367,654.26
Total amount of financial assets		29,484,761,546.51				29,484,761,546.51
Financial liabilities						
Including: short-term borrowings		103,235,027.02				103,235,027.02
Financial liabilities held for trading		2,725,701.24				2,725,701.24
Notes payable		10,026,704,197.84				10,026,704,197.84
Accounts payable		17,349,894,192.01				17,349,894,192.01
Other payables		1,267,004,545.61				1,267,004,545.61
Employee compensation payable		842,346,003.01				842,346,003.01
Non-current liabilities maturing within one year		625,856,387.58				625,856,387.58
Long-term borrowings			193,800,000.00	260,000,000.00	497,313,407.87	951,113,407.87
Lease liabilities		184,843,215.08				184,843,215.08
Long-term employee compensation payable				331,851,321.39	715,975,614.18	1,047,826,935.57
Total amount of financial liabilities		30,402,609,269.39	193,800,000.00	591,851,321.39	1,213,289,022.05	32,401,549,612.83

8.3 Market risk

8.3.1 Exchange rate risk

Foreign exchange risks to be suffered by the Company are mainly relevant to USD, EUR, PKR and INR; except for the purchase and sales of the Company and its major subsidiaries in USD, EUR, PKR and INR, other business of the Company shall be settled in RMB. On December 31, 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 December 31, 2022, please see Note 6.71.

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 December 31, 2021, the Company's interest-bearing debts were mainly fixed interest rate contracts valued at RMB, amounting to RMB1,865,048,037.55.

The risk relating to the change in cash flows of the financial instruments due to the change in the interest rate is mainly relevant to the bank borrowings with floating rate. The policy adopt by the Company is to keep the floating rate of such borrowings to eliminate the risk in fair value relevant to the change in interest rate.

8.3.3 Other price risks

The Company sells the power generating equipment at the market price; as a result, it may be affected by the price fluctuation.

8.4 Sensitivity analysis

The Company uses sensitivity analysis techniques to analyze the possible effects of reasonable and potential changes of risk variables on the current profit and loss and shareholders' equity. As any risk variate hardly changes in isolation, and the pertinence existing among the variates will have significant effect on the final affected amount of the change of any risk variate, the following content is conducted on the basis of the assumption that the change of every variate is independent.

8.4.1 Sensitivity analysis on foreign exchange risk

Assumption of sensitivity analysis on foreign exchange risk: all hedges of net investment in an overseas operation and cash flow hedges are highly effective.

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

Item	Fluctuation in foreign exchange rate	Year 2022		Year 2021	
		Impact on net profit	Effect on owners' equity	Impact on net profit	Effect on owners' equity
All foreign currencies	5% of appreciation in RMB	-82,187,476.17	-82,187,476.17	110,793,438.49	110,793,438.49
All foreign currencies	5% of depreciation in RMB	82,187,476.17	82,187,476.17	-110,793,438.49	-110,793,438.49

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:

Item	Fluctuation in interest rate	Year 2022		Year 2021	
		Impact on net profit	Impact on owners' equity	Impact on net profit	Impact on owners' equity
Borrowings with floating rate	Increase by 1%	-3,681,515.42	-3,681,515.42	-3,562,919.68	-3,562,919.68
Borrowings with floating rate	Decrease by 1%	3,681,515.42	3,681,515.42	3,562,919.68	3,562,919.68

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 December 31, 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 of assets and liabilities measured at fair value as at December 31, 2022

Continuous fair value measurement

Item	Book value as at December 31, 2022			
	Measured at the fair value of level 1	Measured at the fair value of level 2	Measured at the fair value of level 3	Total
1. Financial assets measured at fair value through current profit or loss	1,031,744,488.77		71,400.00	1,031,815,888.77
(1) Debt instrument investment	244,867,410.00			244,867,410.00
(2) Equity instrument investment	89,415,450.48		71,400.00	89,486,850.48
others	697,461,628.29			697,461,628.29
Other equity instrument investment	571,019,010.30		72,300,000.00	643,319,010.30
Accounts receivable financing			1,553,557,305.66	1,553,557,305.66
Total asset	1,602,763,499.07		1,625,928,705.66	3,228,692,204.73
Derivative financial liabilities	2,725,701.24			2,725,701.24
Total liabilities	2,725,701.24			2,725,701.24

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

None.

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

None.

9.7 Changes in valuation technology and reasons for changes occurred in current period

None.

9.8 Fair value of financial assets and financial liabilities not measured at fair value

None.

10、Related parties and related party transactions

10.1 Parent company of the Company

Name of parent company	Registration place	Nature of business	Registered Capital: (RMB '0,000)	Shareholding ratio in the Company (%)	Voting ratio in the Company (%)
Dongfang Electric Corporation	No. 333, Shuhan Road, Jinniu District, Chengdu City, Sichuan Province	Manufacturing of generator and generator set	504,696.03	55.40	55.40

Note: The above shareholding ratio is the ratio of the equity directly held by the parent company, and the equity ratio held by Dongfang Electric International Investment Co., Ltd., a subsidiary of the parent company, is 0.028%, calculated through non-consolidation.

Description of the parent company of the company

Dongfang Electric Group was established on November 6, 1984, and is an enterprise supervised by the State-owned Assets Supervision and Administration Commission of the State Council. As of December 31, 2022, the registered capital of Dongfang Electric Group is RMB 5.047 billion, and Dongfang Electric Group holds 55.40% shares of Dongfang Electric Co., Ltd.

10.2 Subsidiaries of the Company

See "Note 7.1 Equity in other entities" for subsidiaries of the Company.

10.3 Joint ventures and associates of the Company

See "Note 7.3 Equity in other entities" for details about major joint ventures and associates of the Company.

Other joint ventures or associates having balances from related party transactions with the Company in 2022 or in the prior period:

Name of joint venture or associate	Relationship with the Company
Sichuan Energy Investment Wind Power	Associate
Deyang Guangdong Automobile Co., Ltd.	Associate
Dongfang Mitsubishi	Associate
Dongle large	Associate
Dongshu New Materials	Associate
Inner Mongolia Energy Generation Hongnijing Wind Power	Associate
Hunan Ping An Environmental Protection Co., Ltd.	Associate

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Name of joint venture or associate	Relationship with the Company
Longkou Wind Power	Associate
Inner Mongolia Mengneng Sanshengtai Wind Power Generation	Associate
Inner Mongolia Mengneng Ulan New Energy	Associate
China United rekindled	Associate
Dongfang Zhongheng (Chengdu) New Energy Technology Co., Ltd	Associate
Liangshan Scenery New Energy Operation and Maintenance Co., Ltd.	Associate
Framatome Dongfang Reactor Coolant Pumps Company Limited	Joint venture
MHPS Dongfang Boiler Co. Ltd.	Joint venture
Dongfang Electric (Xichang) Hydrogen Energy	Joint venture

10.4 Other related parties

Name of other related parties	Relationship with the Company
Dongfang Electric Corporation	Parent company and ultimate controller
Dongfang Electric Investment Management	Other enterprises controlled by the same parent company and ultimate controller
Dongfang Electric (Jiuquan) Photovoltaic Power Generation Technology	Other enterprises controlled by the same parent company and ultimate controller
Quzhou Huijie New Energy Technology Co., Ltd. (hereinafter referred to as Quzhou Huijie New Energy)	Other enterprises controlled by the same parent company and ultimate controller
Quzhou Huihe New Energy Technology Co., Ltd. (hereinafter referred to as Quzhou Huihe New Energy)	Other enterprises controlled by the same parent company and ultimate controller
Dongyao New Energy (Zhangbei County) Co., Ltd.	Other enterprises controlled by the same parent company and ultimate controller
Dongfang Electric (Zhenjiang) Solar Power Co., Ltd.	Other enterprises controlled by the same parent company and ultimate controller
Dongfang Electric (Jiuquan) Integrated Smart Energy Technology Co., Ltd. (hereinafter referred to as Jiuquan Integrated Smart Energy)	Other enterprises controlled by the same parent company and ultimate controller
Dongshu new material	Other enterprises controlled by the same parent company and ultimate controller
Emeishan Eban High Purity Material	Other enterprises controlled by the same parent company and ultimate controller
Dongfang International Investment	Other enterprises controlled by the same parent

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Name of other related parties	Relationship with the Company
	company and ultimate controller
Dongfang Electric El Salvador Co., Ltd.	Other enterprises controlled by the same parent company and ultimate controller
Dongfang Electric Ecuador Co., Ltd.	Other enterprises controlled by the same parent company and ultimate controller
Dongfang Electric Clean Energy Technology Chengdu Co., Ltd. (hereinafter referred to as Dongfang Clean Energy)	Other enterprises controlled by the same parent company and ultimate controller
Dongfang Electric Group (Chengdu) Shared Services Co., Ltd. (hereinafter referred to as Dongfang Sharing)	Other enterprises controlled by the same parent company and ultimate controller
Lu persuaded Dongdian Solar Power Co., Ltd	Other enterprises controlled by the same parent company and ultimate controller
Dongyao New Energy (Tangshan) Co., Ltd	Other enterprises controlled by the same parent company and ultimate controller
Dongfang Feiyuan (Shandong) Electronic Materials Co., Ltd	Other enterprises controlled by the same parent company and ultimate controller
Honghua Group Co., Ltd. (hereinafter referred to as Dongfang Honghua)	Other enterprises controlled by the same parent company and ultimate controller
Honghua Holdings Limited	Other enterprises controlled by the same parent company and ultimate controller
Honghua Oil & Gas Engineering Services Limited	Other enterprises controlled by the same parent company and ultimate controller
Honghua America, Inc	Other enterprises controlled by the same parent company and ultimate controller
Honghua Gold Coast Equipment Co., Ltd	Other enterprises controlled by the same parent company and ultimate controller
Honghua Financial Leasing (Shanghai) Co., Ltd	Other enterprises controlled by the same parent company and ultimate controller
Honghua Huyi Financial Leasing (Shanghai) Co., Ltd	Other enterprises controlled by the same parent company and ultimate controller
Xinshun (Hong Kong) Limited	Other enterprises controlled by the same parent company and ultimate controller
Hanzheng Testing Technology Co., Ltd. (hereinafter referred to as Hanzheng Detection)	Other enterprises controlled by the same parent company and ultimate controller
Honghua Drilling Technology Co., Ltd	Other enterprises controlled by the same parent company and ultimate controller

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Name of other related parties	Relationship with the Company
Honghua Energy Equipment Co., Ltd	Other enterprises controlled by the same parent company and ultimate controller
Honghua (China) Investment Co., Ltd	Other enterprises controlled by the same parent company and ultimate controller
Sichuan Honghua Petroleum Equipment Co., Ltd. (hereinafter referred to as Sichuan Honghua)	Other enterprises controlled by the same parent company and ultimate controller
Honghua Marine Oil & Gas Equipment (Jiangsu) Co., Ltd. (hereinafter referred to as Honghua Marine)	Other enterprises controlled by the same parent company and ultimate controller
Shanghai Feat Ocean Engineering Co., Ltd	Other enterprises controlled by the same parent company and ultimate controller
Hong Kong Tyco Limited	Other enterprises controlled by the same parent company and ultimate controller
Honghua Oil and Gas Engineering Technology Service Co., Ltd	Other enterprises controlled by the same parent company and ultimate controller
Sichuan Honghua International Science and Trade Co., Ltd	Other enterprises controlled by the same parent company and ultimate controller
Sichuan Honghua Electric Co., Ltd. (hereinafter referred to as Honghua Electric)	Other enterprises controlled by the same parent company and ultimate controller
Gansu Hongteng Oil and Gas Equipment Manufacturing Co., Ltd	Other enterprises controlled by the same parent company and ultimate controller
Honghua International Ukraine Ltd	Other enterprises controlled by the same parent company and ultimate controller
Dongfang Electric Venezuela LLC	Subsidiaries previously controlled by the same parent company and ultimate controller
Emei Semiconductor Materials Research Institute (hereinafter referred to as Emei Semiconductor Materials Institute)	Subsidiaries previously controlled by the same parent company and ultimate controller
Dongfang Electric (Hulunbuir) New Energy Co., Ltd	Subsidiaries previously controlled by the same parent company and ultimate controller
Chengdu Dongfang Electric Technology Industrial Co., Ltd	Subsidiaries previously controlled by the same parent company and ultimate controller
Dongfang Electric Group Emei Semiconductor Materials Co., Ltd. (hereinafter referred to as Emei Company)	Subsidiaries previously controlled by the same parent company and ultimate controller
Dongfang Electric Group (Yixing) Maiji Solar Technology Co., Ltd	Subsidiaries previously controlled by the same parent company and ultimate controller
Dongfang Electric (Jiuquan) Solar Power Co., Ltd	Subsidiaries previously controlled by the same

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Name of other related parties	Relationship with the Company
	parent company and ultimate controller
Shizuishan Tiande Photovoltaic Power Generation Co., Ltd	Subsidiaries previously controlled by the same parent company and ultimate controller
Dongfang Electric New Energy Equipment (Hangzhou) Co., Ltd	A subsidiary controlled by the same parent company and the ultimate controlling party and in bankruptcy liquidation
Dongfang Electric (Tongliao) Wind Power Engineering Technology Co., Ltd	A subsidiary controlled by the same parent company and the ultimate controlling party and in bankruptcy liquidation
Dongfang Electric (Jiuquan) New Energy Co., Ltd	A subsidiary controlled by the same parent company and the ultimate controlling party and in bankruptcy liquidation
Zhonghe Seawater Desalination Engineering Co., Ltd	A subsidiary controlled by the same parent company and the ultimate controlling party and in bankruptcy liquidation
Tuima Oil & Gas Services Ltd	A subsidiary controlled by the same parent company and the ultimate controlling party and in bankruptcy liquidation
West China Energy Industry Co., Ltd. (hereinafter referred to as West China Energy)	Investors with significant impact
Guangdong Yuedian Group Co., Ltd. (hereinafter referred to as Guangdong Yuedian Group)	Investors with significant impact
Directors, presidents and other senior officers of the Company	Other associated parties

10.5 Related-party transactions

10.5.1. Subsidiaries that have a controlling relationship and have been included in the scope of the Company's consolidated financial statements have been offset by their transactions between each other and parent-subsidiary transactions.

10.5.2 Related-party transactions on purchase of goods, and receipt of services

Related party	Content of related-party transactions	Year 2022	Year 2021
Parent company and ultimate controller		34,607,428.12	1,727,882.56
Dongfang Electric Corporation	Purchase of goods	34,513,088.50	1,159,400.00
Dongfang Electric Corporation	Acceptance of services	94,339.62	568,482.56
Joint ventures and associates		702,634,830.98	843,814,854.07
MHPS Dongfang Boiler	Purchase of	504,072,087.61	745,548,862.93

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Related party	Content of related-party transactions	Year 2022	Year 2021
	good		
Mitsubishi Heavy Industries Dongfang Gas Turbine	Purchase of good	198,562,743.37	98,265,991.14
Other enterprises controlled by the same parent company and ultimate controller		533,471,548.22	639,807,468.99
Dongfang international investment	Purchase of good		2,224,675.60
Dongfang jieneng	Purchase of good	2,048,100.00	1,046,850.00
Dongfang jieneng	Acceptance of services	4,312,920.35	1,022,920.35
Dongshu new material	Purchase of good	468,404,193.06	631,456,419.12
Dongfang Sharing	Acceptance of services	4,720,535.08	4,056,603.92
Hanzheng detection	Purchase of good	583,777.20	
Honghua Electric	Purchase of good	30,296,855.88	
Sichuan Honghua	Purchase of good	19,500,342.68	
Honghua Ocean	Acceptance of services	3,604,823.97	
A subsidiary controlled by the same parent company and the ultimate controlling party and in bankruptcy liquidation			792,462.23
Jiuquan New Energy	Acceptance of services		792,462.23
The investor having a significant impact		4,506,849.93	3,478,421.30
Guangdong Yudean Group	Purchase of good	4,506,849.93	3,478,421.30
Total		1,275,220,657.25	1,489,621,089.15

10.5.3 Related-party transactions on sales of goods, and rendering of services

Related party	Content of related-party transactions	Year 2022	Year 2021
Parent company and ultimate controller		756,446.89	6,789,524.52
Dongfang Electric Corporation	Sales of goods	6,446.89	4,642,920.17
Dongfang Electric Corporation	Provision of labor service and kinetic energy	750,000.00	2,146,604.35

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Related party	Content of related-party transactions	Year 2022	Year 2021
Joint ventures and associates		52,631,431.25	20,664,782.67
Framatome Dongfang Reactor Coolant Pumps Company Limited	Sales of goods	3,301.89	
MHPS Dongfang Boiler	Sales of goods	52,628,129.36	20,664,782.67
Other enterprises controlled by the same parent company and ultimate controller		324,446,713.50	743,664,945.83
Shizuishan Tiande Photovoltaic	Sales of goods	39,289.38	
(Jiuquan) Photovoltaic Power	Sales of goods	86,521.25	17,699.12
(Jiuquan) Solar Power	Sales of goods		57,030.09
Dongfang Electric Jieneng	Sales of goods		
Dongfang Electric Investment	Provision of labor service and kinetic energy		13,853.98
Dongfang International Investment	Sales of goods		743,054,132.56
Dongshu new material	Sales of goods	90,027,833.84	522,230.08
Dongshu new material	Provision of labor service and kinetic energy	984,914.14	
Dongfang Jiuquan Huineng	Sales of goods	182,009,864.51	
Quzhou Huihe New Energy	Sales of goods	43,267,531.29	
Honghua Electric	Sales of goods	5,017,888.51	
Sichuan Honghua	Sales of goods	3,012,870.58	
The investor having a significant impact		91,338.35	83,034.86
Guangdong Yudean Group	Sales of goods	91,338.35	83,034.86
Total		377,925,929.99	771,202,287.88

10.5.4 Income and expenses of related interest

(1) Table of interest income

Related party	Content of related-party transactions	Year 2022	Year 2021
Joint ventures and associates		4,645,472.70	4,408,480.08
MHPS Dongfang Boiler Co., Ltd.	interest income	4,645,472.70	4,408,480.08
Controlled by the same parent company and ultimate controller		16,726,731.15	21,853,353.42
Shizuishan Tiande Photovoltaic Power Generation	interest income	2,101,839.63	2,559,816.56
Dongfang Electric (Jiuquan) Solar Power	interest income	1,583,636.79	1,860,900.94
Sichuan Honghua	interest income	135,081.91	
Dongshu new material	interest income	10,202,554.23	16,062,858.81
(Jiuquan) Photovoltaic Power	interest income	667,146.89	832,295.98
Quzhou Huijie New Energy	interest income	2,036,471.70	537,481.13

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(2) Table of interest expenses

Related party	Content of related-party transactions	Year 2022	Year 2021
Parent company and ultimate controller		72,524,414.77	83,480,878.51
Dongfang Electric Corporation	interest expenses	72,524,414.77	83,480,878.51
Controlled by the same parent company and ultimate controller		1,431,272.77	1,808,496.97
Dongfang Investment	interest expenses	371,097.83	760,033.14
DEC Sharing Service	interest expenses	333,193.51	205,293.91
(Jiuquan) Photovoltaic Power	interest expenses	12,996.24	14,928.14
Sichuan Honghua	interest expenses	0.06	
Dongshu new material	interest expenses	392,314.29	695,948.09
Dongfang Jieneng	interest expenses	25,899.39	27,024.81
Emeishan Eban High Purity Material	interest expenses	87,277.63	88,634.01
Quzhou Huihe New Energy	interest expenses	51,220.72	16,634.87
Dongfang Jiuquan Huineng	interest expenses	157,273.10	
Subsidiaries previously controlled by the same parent company and ultimate controller		161,428.95	345,638.02
Shizuishan photovoltaic	interest expenses	33,204.79	22,200.97
Emei Semiconductor Materials	interest expenses	72,048.74	237,000.65
(Jiuquan) Solar Power	interest expenses	56,175.42	86,436.4

10.5.5 Related-party lease

(1) The Company as the lessor

Lessor name	Name of the lessee	Lease revenue recognized in 2022	Type of leased assets	The basis of rental proceeds pricing
Dongfang Heavy Machinery	Guangzhou Development Zone Yuedian New Energy Co., Ltd	91,338.35	Land	market price

(2) The Company as the lessee

Lessor name	Type of leased assets	Simplify the handling of rental expenses		Rent paid		Interest expense on lease liabilities	
		Year 2022	Year 2021	Year 2022	Year 2021	Year 2022	Year 2021
Dongfang Electric Corporation	Houses and buildings	8,939,163.11	3,250,542.28	103,264,636.01	114,361,927.73	6,640,584.00	500,092.24

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(CONT'D) :

Lessor name	Type of leased assets	Increased right-of-use assets		Depreciation of right-of-use assets	
		Year 2022	Year 2021	Year 2022	Year 2021
Dongfang Electric Corporation	Houses and buildings	850,250.19	183,704,577.16	83,709,244.10	107,080,187.94

Description of related party leases: After the deliberation and approval of the first extraordinary general meeting of shareholders in 2021, the Company and some subsidiaries signed six framework agreements with Dongfang Electric Group including the "2022-2024 Continuous Related Party Transaction Agreement", according to the "2022-2024 Property and Equipment Lessee Framework Agreement", the Company will continue to lease the office building and other property facilities of Dongfang Electric Group from January 1, 2022, with a lease period of 3 years, and the rent level is determined according to market principles.

10.5.6 Related party guarantee

(1) The Company as the guarantor

The guaranteed	Guarantee amount	Commencement date of guarantee	Expiration date of guarantee	Whether or not the guarantee performance has been completed
Mitsubishi Heavy Industries Dongfang	24,500,000.00	2016/9/22	Long term service agreement termination date	No
Hongnijing Wind Power	16,000,000.00	2016/1/19	2026/1/19	No
Mengneng Sanshengtai Wind Power	16,000,000.00	2016/6/29	2026/6/29	No
Mengneng Ulan New Energy	36,000,000.00	2016/10/27	2026/10/27	No
Total	92,500,000.00			

10.5.7 Loans from and to related parties

Related party	Lending amount	Commencement date	Expiration date
Loans to			
Quzhou Huihe New Energy	56,720,000.00	2021/6/30	2036/6/30
Dongshu new material	30,000,000.00	2022/2/16	2023/2/16
Dongshu new material	50,000,000.00	2022/3/22	2023/3/22
Dongshu new material	15,000,000.00	2022/3/25	2023/3/25
Dongshu new material	15,000,000.00	2022/4/26	2023/4/26
Dongshu new material	40,000,000.00	2022/8/26	-- 2023/8/26

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Related party	Lending amount	Commencement date	Expiration date
Dongshu new material	20,000,000.00	2022/9/1	2023/9/1
Dongshu new material	50,000,000.00	2022/10/10	2023/10/10
Dongshu new material	40,000,000.00	2022/11/18	2023/11/18
Dongshu new material	20,000,000.00	2022/11/29	2023/11/29
Dongshu new material	50,000,000.00	2022/12/26	2023/12/26
MHPS Dongfang Boiler Co. Ltd.	20,000,000.00	2022/1/5	2023/1/5
MHPS Dongfang Boiler Co. Ltd.	20,000,000.00	2022/1/19	2023/1/19
MHPS Dongfang Boiler Co. Ltd.	20,000,000.00	2022/3/18	2023/3/18
(Jiuquan) Photovoltaic Power	15,000,000.00	2022/9/26	2023/9/26
Loans from			
Dongfang Electric Corporation	153,800,000.00	2021/9/29	2024/9/29
Dongfang Electric Corporation	5,000,000.00	2021/12/1	2024/12/1
Dongfang Electric Corporation	50,000,000.00	2022/12/22	2025/12/22
Dongfang Electric Corporation	20,000,000.00	2022/12/31	2025/12/31
Dongfang Electric Corporation	20,000,000.00	2022/9/6	2025/9/6

10.5.8 Remuneration of key management personnel

Item	Year 2022	Year 2021
Remuneration of key management personnel	2,335,908.00	1,922,878.00

(1) Remuneration of directors and supervisors in 2022

Item	Emoluments of director or supervisor	Salaries and subsidies	Performance salary	Contributions of retirement welfare plan	Total
Directors					
Including: DengqingLiu	116,004.00				116,004.00
FengHuang	116,004.00				116,004.00
YongqiangMa	101,004.00				101,004.00
Supervisors					
Including: ZhiwenWang		235,020.00	384,566.76	44,217.24	663,804.00
YongFeng		235,020.00	387,051.27	44,732.73	666,804.00
ShuoFeng		200,020.00	431,982.81	40,285.19	672,288.00
Total	333,012.00	670,060.00	1,203,600.84	129,235.16	2,335,908.00

Note: Directors and supervisors who receive remuneration in the Company shall be determined by the remuneration committee of the Company considering their personal performance and market trends.

(2) The top five employees with the highest remuneration

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In 2022, the five top employees with the highest remuneration did not include directors (the same for the previous year), and the remuneration for the rest five members (five for the previous year) with the highest remuneration is as follows:

Item	Year 2022	Year 2021
Salaries and subsidies	6,815,434.93	7,573,740.00
Contributions of retirement welfare plan	195,408.00	178,848.00
Total	7,010,842.93	7,752,588.00

Among the Company's key officers (including directors), there were persons whose remuneration exceeded HKD 1 million in 2022 and 2021.

The number of the employees with the highest remuneration is classified as below according to the type of remuneration group (by the number of people):

Item	Year 2022	Year 2021
HKD 1 million to 1.5 million	5	2
Above HKD 1.5 million	0	3
Total	5	5

10.5.9 Receivables from and payables to related parties

(1) Absorbing monetary funds of related parties

related parties	currency	Amount as at December 31, 2022(original currency)	Amount as at December 31, 2022(Equivalent to RMB)	Amount as at December 31, 2021(original currency)	Amount as at December 31, 2021(Equivalent to RMB)
Parent company and ultimate controller			4,114,630,027.69		3,361,243,678.17
Dongfang Electric Corporation	RMB	4,025,073,408.29	4,025,073,408.29	3,208,723,727.10	3,208,723,727.10
Dongfang Electric Corporation	USD	12,858,831.72	89,556,619.40	23,922,071.46	152,519,951.01
Dongfang Electric Corporation	JPY			1.00	0.06
Joint ventures and associates			1,341,593.21		327,027.74
MHPS Dongfang Boiler	RMB	1,341,592.21	1,341,593.21	327,027.74	327,027.74
Other enterprises controlled by the same parent company and ultimate			253,707,587.92		221,795,594.46

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related parties	currency	Amount as at December 31, 2022(original currency)	Amount as at December 31, 2022(Equivalent to RMB)	Amount as at December 31, 2021(original currency)	Amount as at December 31, 2021(Equivalent to RMB)
controller					
Dongfang investment	RMB	19,846,893.16	19,846,894.16	41,773,410.74	41,773,410.74
DongfangJieneng	RMB	7,410,394.29	7,410,394.29	9,878,886.77	9,878,886.77
Dongshu new material	RMB	23,773,579.73	23,773,579.73	58,210,127.96	58,210,127.96
Eban High Purity Material	RMB	33,400,559.66	33,400,559.66	8,989,652.23	8,989,652.23
Dongfang sharing	RMB	29,370,614.47	29,370,615.47	23,250,378.10	23,250,378.10
(Jiuquan)Photovo Itaic	RMB	11,246,450.42	11,246,450.42	4,391,313.79	4,391,313.79
Quzhou Huihe New Energy	RMB	8,152,741.46	8,152,742.46	25,301,824.87	25,301,824.87
Jiuquan Integrated Smart Energy	RMB	39,949,955.05	39,949,955.05	50,000,000.00	50,000,000.00
Dongyao Zhang Bei Xinneng	RMB	80,556,093.62	80,556,094.62		
Honghua Oil and Gas Engineering Technology Service Co., Ltd	RMB	1.00	1.00		
Honghua Electric	RMB	100.02	100.02		
Sichuan Honghua International Science and Trade Co., Ltd	RMB	1.00	1.00		
Honghua (China) Investment Co., Ltd	RMB	100.02	100.02		
Honghua Ocean	RMB	100.02	100.02		
Subsidiaries previously controlled by the same parent company and ultimate controller			2.23		50,703,885.75
Emei	RMB			23,032,191.73	23,032,191.73

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related parties	currency	Amount as at December 31, 2022(original currency)	Amount as at December 31, 2022(Equivalent to RMB)	Amount as at December 31, 2021(original currency)	Amount as at December 31, 2021(Equivalent to RMB)
Semiconductor Materials					
Emei Semiconductor Materials	USD	0.32	2.23		
Shizuishan Photovoltaic Power	RMB			16,463,761.07	16,463,761.07
(Jiuquan) Solar Power	RMB			11,207,932.95	11,207,932.95
A subsidiary controlled by the same parent company and the ultimate controlling party and in bankruptcy liquidation			26.96		869,436.22
Zhonghe Seawater Desalination Engineering	RMB			869,407.56	869,407.56
Tongliao wind power	RMB	10.59	10.59	10.55	10.55
Emei Semiconductor Materials	RMB			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

(2) Receivables

Item name	Related party	Balance as at December 31, 2022		Balance as at December 31, 2020	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable		803,708,053.41	688,231,348.21	888,104,421.91	741,435,058.23
	Parent company and ultimate controller	5,130,000.00	508,500.00		
	Dongfang Electric Corporation	5,130,000.00	508,500.00		

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Item name	Related party	Balance as at December 31, 2022		Balance as at December 31, 2020	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	Joint ventures and associates	66,272,696.72	6,255,769.93	138,510,857.79	9,603,195.98
	MHPS Dongfang Boiler	38,883,294.81	4,682,135.02	45,555,980.27	3,909,332.13
	Framatome Dongfang Reactor Coolant Pumps Company	236,143.00	101,838.65	597,367.03	119,899.85
	Hongnijing Wind Power	153,894.00	76,947.00	2,693,460.00	1,077,384.00
	Mengneng Sanshengtai Wind Power Generation	252.00	252.00	26,084.00	13,042.00
	Longkou Wind Power	21,025.00	1,051.25	26,313.29	1,315.66
	China United rekindled	3,281,795.00	164,089.75	4,836,000.00	241,800.00
	Deyang Guangdong Automobile Co., Ltd.	21,046,847.25	1,079,452.02	83,840,168.27	4,192,008.41
	Dongfang Mitsubishi	2,649,445.66	150,004.24	935,484.93	48,413.93
	Other enterprises controlled by the same parent company and ultimate controller	53,335,843.07	3,120,419.73	22,599,455.56	6,059,192.73
	Dongshu New Materials	21,461,896.89	1,073,094.85	17,274,527.67	863,726.38
	Dongfang investment	367,950.00	367,950.00	367,950.00	367,950.00
	Dongfang sharing			4,936,977.89	4,826,516.35
	Jiuquan Photovoltaic Technology			20,000.00	1,000.00
	Quzhou Huihe New Energy	4,513,687.50	225,684.38		
	Jiuquan comprehensive wisdom	21,350,593.40	1,067,529.67		
	Honghua Electric	770,214.00	38,510.70		
	Sichuan Honghua	4,871,501.28	347,650.13		
	A subsidiary controlled by the same parent company and the ultimate controlling party and in bankruptcy liquidation	664,270,618.32	664,270,618.32	668,270,039.89	667,816,134.23
	Jiuquan new energy	306,562,559.25	306,562,559.25	306,562,559.25	306,562,559.25
	Tongliao wind power	207,107,394.98	207,107,394.98	207,107,394.98	207,107,394.98
	Hangzhou new energy	84,310,255.67	84,310,255.67	79,971,533.27	79,971,533.27
	Zhonghe Seawater Desalination Engineering	66,290,408.42	66,290,408.42	74,628,552.39	74,174,646.73

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Item name	Related party	Balance as at December 31, 2022		Balance as at December 31, 2020	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	Subsidiaries previously controlled by the same parent company and ultimate controller				
		8,512,836.41	8,512,836.41	53,115,229.76	53,115,229.76
	Hulun Buir new energy			50,122,111.64	50,122,111.64
	Dongfang maiji	1,995,118.12	1,995,118.12	1,995,118.12	1,995,118.12
	Chengdu Dongfang Electric Technology Industrial Co., Ltd	6,517,718.29	6,517,718.29		
	Shizuishan Photovoltaic			998,000.00	998,000.00
	The investor having a significant impact				
		6,186,058.89	5,563,203.82	5,608,838.91	4,841,305.53
	China Western Power Industrial	6,186,058.89	5,563,203.82	5,608,838.91	4,841,305.53
Notes receivable		152,942,136.83	3,387,230.91	22,819,917.89	840,000.00
	Joint ventures and associates				
		103,334,098.73	3,387,230.91	16,800,000.00	840,000.00
	MHPS Dongfang Boiler	34,632,533.66	1,360,293.35	16,800,000.00	840,000.00
	Deyang Guangdong Automobile Co., Ltd.	68,701,565.07	2,026,937.56		
	Other enterprises controlled by the same parent company and ultimate controller				
		49,608,038.10		6,019,917.89	
	Dongshu New Materials	49,608,038.10		6,019,917.89	
Advance to suppliers		344,934,616.13			
	Parent company and ultimate controller				
		231,443,961.64			
	Dongfang Mitsubishi	24,643,558.37			
	Deyang Guangdong Automobile Co., Ltd.	77,852,184.93			
	MHPS Dongfang Boiler	128,948,218.34			
	Other enterprises controlled by the same parent company and ultimate controller				
		113,490,654.49			
	Dongshu New Materials	81,873,500.00			

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Item name	Related party	Balance as at December 31, 2022		Balance as at December 31, 2020	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	Honghua Honghua Ocean	1,016,337.49			
	Sichuan Honghua	30,600,817.00			
Other receivables		3,913,563.32	3,055,299.62	13,942,604.76	12,979,259.54
	A subsidiary controlled by the same parent company and the ultimate controlling party and in bankruptcy liquidation	3,913,563.32	3,055,299.62	13,942,604.76	12,979,259.54
	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	210,163.04	1,068,426.74	105,081.52
Interest receivables		9,500.00		1,579.16	
	Other enterprises controlled by the same parent company and ultimate controller	9,500.00			
	Dongshu New Materials	9,500.00			
	A subsidiary controlled by the same parent company and the ultimate controlling party and in bankruptcy liquidation			1,579.16	
	Zhonghe Seawater Desalination Engineering			1,579.16	
Contract assets		22,224,999.32	1,425,668.47	12,130,573.34	2,824,083.40
	Parent company and ultimate controller			90,000.00	4,500.00
	Dongfang Electric Corporation			90,000.00	4,500.00
	Other enterprises controlled by the same parent company and ultimate controller	12,359,330.73	15,500.00		
	Sichuan Honghua	310,000.00	15,500.00		
	Quzhou Huihe New Energy	12,049,330.73			

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Item name	Related party	Balance as at December 31, 2022		Balance as at December 31, 2020	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	Joint ventures and associates	9,687,668.59	1,249,968.47	9,583,238.04	482,502.51
	MHPS Dongfang Boiler	9,687,668.59	1,249,968.47	9,583,238.04	482,502.51
	A subsidiary controlled by the same parent company and the ultimate controlling party and in bankruptcy liquidation			1,702,115.32	1,702,115.32
	Zhonghe Seawater Desalination Engineering			1,702,115.32	1,702,115.32
	The investor having a significant impact	178,000.00	160,200.00	755,219.98	634,965.57
	Huaxi energy	178,000.00	160,200.00	755,219.98	634,965.57
Entrusted loan		395,326,514.45	395,326,514.45	490,258,834.37	490,258,834.37
	A subsidiary controlled by the same parent company and the ultimate controlling party and 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		56,720,000.00		133,220,000.00	7,200,000.00
	Other enterprises controlled by the same parent company and ultimate controller	56,720,000.00		53,720,000.00	
	(Jiuquan)Photovoltaic Power Generation			7,000,000.00	
	Quzhou Huihe New Energy	56,720,000.00		46,720,000.00	
	Subsidiaries previously controlled by the same parent company and ultimate controller			79,500,000.00	7,200,000.00
	(Jiuquan) Solar Power			31,500,000.00	
	Shizuishan Photovoltaic Power			48,000,000.00	7,200,000.00

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Item name	Related party	Balance as at December 31, 2022		Balance as at December 31, 2020	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Other current assets		405,000,000.00		447,067,284.40	4,210,000.00
	Joint ventures and associates	60,000,000.00		115,000,000.00	
	MHPS Dongfang Boiler	60,000,000.00		115,000,000.00	
	Other enterprises controlled by the same parent company and ultimate controller	345,000,000.00		282,227,284.40	
	(Jiuquan) Photovoltaic Power Generation	15,000,000.00		15,000,000.00	
	Dongshu New Materials	330,000,000.00		267,227,284.40	
	Subsidiaries previously controlled by the same parent company and ultimate controller			45,000,000.00	3,000,000.00
	(Jiuquan) Solar Power			25,000,000.00	
	Shizuishan Photovoltaic Power			20,000,000.00	3,000,000.00
	A subsidiary controlled by the same parent company and the ultimate controlling party and in bankruptcy liquidation			4,840,000.00	1,210,000.00
	Zhonghe Seawater Desalination Engineering			4,840,000.00	1,210,000.00
Discounted assets		21,574,671.97		46,837,900.06	
	Joint ventures and associates	9,226,666.66		10,808,862.00	
	MHPS Dongfang Boiler	9,226,666.66		10,808,862.00	
	Other enterprises controlled by the same parent company and ultimate controller	12,348,005.31		36,029,038.06	
	Dongshu New Materials	12,348,005.31		36,029,038.06	

(3) Payables

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Item name	Related party	Balance as at December 31, 2021	Balance as at December 31, 2020
Accounts payable		421,842,269.21	710,997,806.52
	Parent company and ultimate controller	23,704,371.70	34,923,403.00
	Dongfang Electric Corporation	23,704,371.70	34,923,403.00
	Joint ventures and associates	207,898,303.97	362,204,947.75
	MHPS Dongfang Boiler	172,785,904.36	354,899,560.07
	Deyang Guangdong Automobile Co., Ltd.	35,095,007.92	
	Framatome Dongfang Reactor Coolant Pumps Company	17,391.69	
	Leshan Dongle Dajian Lifting		570,605.00
	Dongfang Mitsubishi		6,734,782.68
	Other enterprises controlled by the same parent company and ultimate controller	141,926,073.53	17,559,474.38
	Dongshu New Materials	92,220,354.41	17,186,124.38
	Dongfang Jieneng	2,008,800.00	373,350.00
	Hanzheng detection	334,381.62	
	Honghua Ocean	3,303,950.24	
	Honghua Electric	24,585,287.15	
	Sichuan Honghua	19,473,300.11	
	A subsidiary controlled by the same parent company and the ultimate controlling party and in bankruptcy liquidation	45,464,801.16	293,622,682.73
	Jiuquan new energy		4,102.50
	Hangzhou new energy	44,239,801.16	292,393,580.23
	Zhonghe Seawater Desalination Engineering	1,225,000.00	1,225,000.00
	Subsidiaries previously controlled by the same parent company and ultimate controller	2,610,375.58	2,610,375.58
	Hulun Buir new energy	2,574,624.60	2,574,624.60
	Dongfang maiji	35,750.98	35,750.98
	The investor having a significant impact	238,343.27	76,923.08
	Huaxi energy	238,343.27	76,923.08
Contract liabilities		483,557,651.62	284,582,079.03
	Parent company and ultimate controller		266,727.97
	Dongfang Electric Corporation		266,727.97
	Joint ventures and associates	406,207,280.11	282,668,307.86
	Mitsubishi Heavy Industries Dongfang Gas Turbine (Guangzhou) Co., Ltd.	232,420,043.03	168,077,231.16
	Framatome Dongfang Reactor Coolant Pumps Company Limited	111,313,601.00	96,625,273.84
	MHPS Dongfang Boiler	2,350,186.90	7,437,863.96
	China United rekindled	51,027,042.07	

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Item name	Related party	Balance as at December 31, 2021	Balance as at December 31, 2020
	Hongnijing Wind Power	1,859,361.73	1,859,361.73
	Sanshengtai Wind Power Generation	4,615,459.20	6,046,990.99
	Ulan New Energy	2,621,586.18	2,621,586.18
	Other enterprises controlled by the same parent company and ultimate controller	77,350,371.51	1,647,043.20
	Dongfang Jiuquan Huineng	3,600,383.59	
	Dongyao Zhang Bei Xinneng	73,422,105.00	
	Honghua Ocean	327,882.92	
	Dongfang Sharing		1,647,043.20
Other payables		203,750,824.00	233,589,136.99
	Parent company and ultimate controller	203,123,584.00	218,927,489.48
	Dongfang Electric Corporation	203,123,584.00	218,927,489.48
	Other enterprises controlled by the same parent company and ultimate controller	500,000.00	200,000.00
	Dongfang Sharing	500,000.00	200,000.00
	A subsidiary controlled by the same parent company and the ultimate controlling party and in bankruptcy liquidation	127,240.00	14,461,647.51
	Hangzhou new energy	127,240.00	14,461,647.51
Interest payable		7,526,176.87	6,706,769.60
	Parent company and ultimate controller	7,069,019.23	6,336,747.06
	Dongfang Electric Corporation	7,069,019.23	6,336,747.06
	Other enterprises controlled by the same parent company and ultimate controller	457,157.64	286,679.19
	Dongshu New Materials	49,958.32	
	Dongfang investment	230,793.75	155,512.50
	Dongfang sharing	176,405.57	131,166.69
	Subsidiaries previously controlled by the same parent company and ultimate controller		83,343.35
	Emei Semiconductor Materials		83,343.35
Lease liabilities		25,458,120.76	103,068,331.12
	Parent company and ultimate controller	25,458,120.76	103,068,331.12
	Dongfang Electric Corporation	25,458,120.76	103,068,331.12
Non-current liabilities maturing within one year		86,977,661.24	784,149.83
	Parent company and ultimate controller	86,977,661.24	784,149.83
	Dongfang Electric Corporation	86,977,661.24	784,149.83

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Item name	Related party	Balance as at December 31, 2021	Balance as at December 31, 2020
Long-term borrowings		298,800,000.00	708,800,000.00
	Parent company and ultimate controller	298,800,000.00	708,800,000.00
	Dongfang Electric Corporation	298,800,000.00	708,800,000.00

11、Share-based payment

11.1 General information of share-based payment

Total amount of all equity instruments granted by the Company in 2022	none
Total amount of all invalid equity instruments of the Company in current period	343,333
Range of exercise price of restricted stock by the Company as at December 31, 2022 and the remaining contractual period	RMB5.93-6.54per share, and exercise period of 48months
Range of exercise price of other equity instruments of the Company as at December 31, 2022 and the remaining contractual period	none

11.2 Equity-settled share-based payment

1. Validity period, period of restricted sales and arrangements for lifting restricted sales:

(1)The valid period of this incentive plan is from the day when the registration of the restricted stocks granted for the first time is completed to the date when the sales restrictions, purchase or cancellation on all the restricted stocks granted to incentive objects are lifted, with a maximum of 72 months.

(2)The periods of restricted sales granted in this incentive plan are respectively 24 months, 36 months or 48 months from the date when the registration of the restricted stocks corresponding to the granted part is completed. The restricted stocks granted by incentive objects under this incentive plan shall not be transferred, used to guarantee or repay for debts before the sales restrictions are lifted.

After the period of restricted sales expires, the Company handles the lifting of restricted sales for the incentive objects eligible for lifting the restricted sales. Restricted stocks held by the incentive objects not eligible for lifting the restricted sales will be repurchased and cancelled by the Company.

(4) The time of lifting restricted sales of the restricted stocks granted for the first time and reserved for grant under the incentive plan and the time of lifting restricted sales in various periods are shown in the table below:

Unlocking period	Time of unlocking	Proportion of unlocking
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Unlocking period	Time of unlocking	Proportion of unlocking
The first unlocking period for the first time and reserved	From the first trading day after 24 months from the completion of registration of restricted stocks of the corresponding part to the last trading day within 36 months from the completion of registration of restricted stocks of the corresponding part	1/3
The second unlocking period for the first time and reserved	From the first trading day after 36 months from the completion of registration of restricted stocks of the corresponding part to the last trading day within 48 months from the completion of registration of restricted stocks of the corresponding part	1/3
The third unlocking period for the first time and reserved	From the first trading day after 48 months from the completion of registration of restricted stocks of the corresponding part to the last trading day within 60 months from the completion of registration of restricted stocks of the corresponding part	1/3

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

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

1) Company-level performance appraisal requirements

The restricted stocks granted for the first time by this incentive plan will be subject to annual performance assessment and the restriction on sale will be lifted in the 3 fiscal years from 2020 to 2022. The assessment will be conducted once in each fiscal year to achieve the company's performance assessment target as the incentive object to be lifted.

Unlocking period	Performance assessment objectives
The first unlocking period	(1) The compound growth rate of net profit in 2020, calculated based on the net profit in 2018, is not less than 10% as well as the peer industry's performance average; (2) The ROE in 2020 is not less than 4.5% as well as the peer industry's performance average; (3) The Δ EVA in 2020 is positive.
The second unlocking period	(1) The compound growth rate of net profit in 2021, calculated based on the net profit in 2018, is not less than 10% as well as the peer industry's performance average; (2) The ROE in 2021 is not less than 4.5% as well as the peer industry's performance average; (3) The Δ EVA in 2021 is positive.
The third unlocking period	(1) The compound growth rate of net profit in 2022, calculated based on the net profit in 2018, is not less than 10% as well as the peer industry's performance average; (2) The ROE in 2022 is not less than 5% as well as the peer industry's performance average; (3) The Δ EVA in 2022 is positive.

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

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

Note: ① The above-mentioned "net profit" indicators refer to the net profit attributable to shareholders of listed companies; "Return on net assets" refers to weighted average return on net assets.

② During the validity period of the equity incentive plan, if the company has additional issuance, share allotment and other matters that lead to changes in net assets, the amount of changes in net assets caused by the matters and the corresponding income amount generated will be excluded during the assessment (if the corresponding income amount cannot be accurately calculated, it can be calculated and determined by multiplying the actual financing amount after deducting the financing cost by the interest rate of the national debt in the same period).

The incentive cost generated by this incentive plan will be charged in the administrative expenses. If the company's performance appraisal target for a certain period of lifting the restricted sale of restricted stocks has not been achieved, all restricted stocks of the incentive object in the current period cannot be lifted, and the company will repurchase and cancel it according to this incentive plan at the lower of the grant price and the stock market price at the time of repurchase (the average trading price of the company's underlying stocks one trading day before the announcement of the resolution of the board of directors considering repurchase).

2) Personal performance appraisal requires that during the validity period of this incentive plan, the personal performance appraisal of all incentive objects shall be based on the current performance of the company.

2. The sale restriction will be unlocked this year

(1) On December 8, 2021, the company held the seventh session of the 10th session of the board of directors and the fourth session of the 10th session of the board of supervisors, and deliberated and passed the "Motion on the First Grant of the First Phase of the 2019 A-Share Restricted Stock Incentive Plan to Lift the Restricted Sale Conditions". After deliberation, the first tranche of the Company's 2019 A-share Restricted Stock Incentive Plan has been granted, and the Company has agreed to handle the relevant lifting of restricted shares for 759 eligible incentive recipients. The number of restricted shares released from sale is 9,082,232, and the listing and circulation date of this release is January 10, 2022.

(2) On October 27, 2022, the company held the eleventh meeting of the 10th session of the board of supervisors, and deliberated and passed the "Motion on the Achievement of the First Phase of the Reserved Grant of the 2019 A-share Restricted Stock Incentive Plan". On October 28, 2022, the company held the 17th meeting of the 10th session of the board of directors and

deliberated and passed the "Motion on the Achievement of the First Phase of the Reserved Grant of the 2019 A-share Restricted Stock Incentive Plan to Lift the Restricted Sale Conditions". After deliberation, the first phase of the Company's 2019 A-share Restricted Stock Incentive Plan (hereinafter referred to as the "Incentive Plan") has been fulfilled, and the Company agrees to uniformly handle the lifting of the restriction for the 25 incentive recipients who meet the conditions for unlocking. The number of restricted shares released is 298,998, and the listing and circulation date of the released restricted shares is November 28, 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 December 31, 2022

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

Item	Amount as at December 31, 2022	Amount as at December 31, 2021
Construction	221,130,639.32	188,443,604.72
Equipment	356,611,657.34	259,211,176.65
Outbound Investment Commitment		5,000,000.00
Total	577,742,296.66	452,654,781.37

As at December 31, 2022, the total agreed significant foreign investment expenditures of the Company with contract on which has not been paid amounted to RMB577,742,296.66. The details are as follows:

Commitment unit	Name of investment project	Contracted investment amount	Investment amount paid	Investment amount unpaid	Expected investment period
The Company and its subsidiaries	Construction	574,282,454.05	353,151,814.73	221,130,639.32	2023-2024
The Company and its subsidiaries	Equipment	633,708,699.76	277,097,042.42	356,611,657.34	2023-2024
Total		1,207,991,153.81	630,248,857.15	577,742,296.66	

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

As at December 31, 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	8,807,889.85
1-2 years	1,957,813.55
2-3 years	2,036,126.09
3-4 years	2,117,587.46
4-5 years	1,008,636.35
Total	15,928,053.30

12.2 Important Contingent Events on the Balance Sheet Date

12.2.1. Contingent liabilities related to investments in joint ventures and associates

None.

12.2.2. Contingencies arising from pending litigation or arbitration and their financial implications

None.

12.2.3. Contingencies arising from the provision of external debt guarantees and their financial implications

As at December 31, 2022, the Company provides guarantee for other entities:

Name	Type of guarantee	amount	term	note
Mitsubishi Heavy Industries Dongfang Gas Turbine (Guangzhou) Co., Ltd.	Performance guarantee	24,500,000.00	Termination date of long-term service agreement	
Inner Mongolia Energy Generation Hongnijing Wind Power Co., Ltd.	Credit guarantee	16,000,000.00	2026/1/19	
Inner Mongolia Mengneng Sanshengtai Wind Power Generation Co., Ltd.	Credit guarantee	16,000,000.00	2026/6/29	
Inner Mongolia Mengneng Ulan New Energy Co., Ltd.	Credit guarantee	36,000,000.00	2026/10/27	
Total		92,500,000.00		

Note: Mitsubishi Heavy Industries Dongfang Gas Turbine (Guangzhou) Co., Ltd. (hereinafter referred to as "Dongfang Mitsubishi Gas Turbine Company") intends to sign the

Agreement on Long-term Management of M701F Gas Turbine Component, Repair of Component and Technical Consulting Service (hereinafter referred to as the Agreement on Long-term Service of Gas Turbine) with CNOOC Zhuhai Gas Power Generation Co., Ltd., Zhongshan Jiaming Electric Power Co., Ltd., CNOOC Fujian Gas Power Co., Ltd. and Guangdong Huizhou LNG Power Co., Ltd. (hereinafter collectively referred to as the "client"). The Agreement on Long-term Service of Gas Turbine involves 12 units, and the client requests the parent company of the Dongfang Mitsubishi Gas Turbine Company (Mitsubishi Hitachi Power Systems, Ltd. and the Company) to sign the Guarantee Agreement of Parent Company for providing the guarantee for the performance of Dongfang Mitsubishi Gas Turbine Company. The total guarantee amount of the long-term service agreement is RMB 50 million. The Company provides a guarantee amount of RMB 24.5 million in accordance with the shareholding ratio of the Dongfang Mitsubishi Gas Turbine Company, and Dongfang Mitsubishi Gas Turbine Company provides the same amount of counter guarantee to the Company. Guarantee period: after the expiration or termination of the Agreement on Long-term Service of Gas Turbine, the guarantee liability shall have full effect within the scope of the obligation or responsibility of the seller hereunder until the seller's obligations and responsibilities (including but not limited to the warranty obligation) hereunder or related hereto have been performed without defect.

12.2.4 Issuing letter of guarantee and letter of credit

(1) Unsettled letter of guarantee: As at December 31, 2022, the information on the letter of guarantee opened by the Company is as follows:

Entity name	Business type	Currency	Balance as at December 31, 2022 Equivalent to RMB
The company	Letter of guarantee	RMB	9,445,804,200.00
Dongfang boiler	Letter of guarantee	RMB	1,907,454,701.40
Dongfang boiler	Letter of guarantee	USD	444,620.06
Dongfang kaiterui	Letter of guarantee	RMB	9,880,821.77
Dongfang electric machinery	Letter of guarantee	USD	525,371,553.15
Dongfang electric machinery	Letter of guarantee	RMB	2,516,927,656.82
Dongfang electric machinery	Letter of guarantee	Bolivia Bissau	322,500,954.19
Dongfang international	Letter of guarantee	RMB	3,173,903,100.00
Dongfang heavy machinery	Letter of guarantee	RMB	531,417,721.76
Dongfang heavy machinery	Letter of guarantee	EUR	250,181.42
Dongfang automatic control	Letter of guarantee	RMB	105,354,500.00
Dongfang Research Institute	Letter of guarantee	RMB	5,739,170.00
Dongfang steam turbine	Letter of guarantee	RMB	1,960,658,285.87
Dongfang steam turbine	Letter of guarantee	EUR	12,629,158.76

(2) Unsettled letter of credit: As at December 31, 2022, the information of the irrevocable L/C opened by the Company is as follows:

Entity name	Business type	Currency	Balance as at December 31, 2022 Equivalent to RMB
Dongfang electric machinery	Letter of credit	USD	9,951,746.54
Dongfang electric machinery	Letter of credit	EUR	14,071,754.83
Dongfang electric machinery	Letter of credit	JPY	14,859,828.70
Dongfang electric machinery	Letter of credit	CHF	2,993,745.22
Dongfang boiler	Letter of credit	USD	338,304,400.00
Dongfang steam turbine	Letter of credit	USD	39,987,858.58
Dongfang steam turbine	Letter of credit	EUR	261,992,637.97
Dongfang steam turbine	Letter of credit	JPY	958,922,118.89
Dongfang steam turbine	Letter of credit	CHF	18,713,786.00
Dongfang international	Letter of credit	RMB	863,505,100.00

12.2.5 Loan commitment

None.

12.2.6. Product quality assurance clauses

None.

12.2.7. Other contingent liabilities (excluding contingent liabilities that are highly unlikely to result in the outflow of economic benefits from the enterprise)

None.

12.2.8 Contingent assets

None.

Apart from the above items, the Company has no other significant contingencies required to be disclosed as at the date of financial statements.

13、Post balance sheet events

13.1 Significant non-adjusting events

None.

13.2 Profit distribution

Profits or dividends to be distributed	1,044,708,822.00
Profit or dividend declared to be distributed upon deliberation and approval	1,044,708,822.00

Note: The Company held the tenth meeting of the tenth Board of Directors on March 31, 2022, and approved the profit distribution plan for 2023. Based on the Company's total share capital of 3,118,533,797 shares at the time of the board meeting on March 31, 2022, RMB 1,044,708,822.00 of cash dividends were distributed, RMB 3.35 for every 10 shares (before tax).

13.3 Notes to other post-balance sheet events

None.

14、 Other significant events

14.1 Early accounting errors

None.

14.2 Debt restructuring

According to the "Settlement Agreement" signed between the Company and Hangzhou New Energy Manager and the "Notice" of Hangzhou New Energy Manager, the accounts payable and receivable of the Company and Hangzhou New Energy were offset to generate debt restructuring gains of RMB135 million.

14.3 Asset replacement

None.

14.4 Annuity plan

According to the Official Reply to the Trial Implementation of Enterprise Annuity System by Dongfang Electric Corporation (GZFP [2007] No. 1201), the annuity expenses are disbursed from balance of gross wage and costs for the current year according to the method of mutual payment by enterprise and employee. The annuity accrued every year will be paid to the special account of the social security office of Dongfang Electric Corporation, and then entrusted by Dongfang Electric Corporation to China Life Pension Company Limited for operation and management.

14.5 Discontinued operations

None.

14.6 Segment information

14.6.1 Determination basis and accounting policies for reportable segments

The Company determines operating segments based on its internal organizational structure, management requirements and internal reporting system. The operating segment of the Company refers to the component that simultaneously meets the following conditions:

- (1) The component can generate income and incur expenses in daily activities;
- (2) The management can regularly evaluate the operating results of the component in order to decide to allocate resources to it and evaluate its performance;
- (3) The relevant accounting information such as the financial status, operating results and cash flow of the component can be obtained.

The Company determines the reportable segment based on the operating segment, and the operating segment that meets one of the following conditions is determined as the reportable segment:

- (1) The segment revenue of the operating segment accounts for 10% or more of the total segment revenue;
- (2) The absolute amount of the segment profit (loss) of the segment shall account for 10% or more of the greater of the total amount of profits of all profitable segments or the absolute amount of the total amount of losses of all loss-making segments.

When the total external transaction revenue of the operating segments of the reportable segment determined in accordance with the above accounting policies does not account for 75% of the consolidated total revenue, the number of reportable segments is increased, and other non-reportable segments are included in accordance with the following provisions. Operating segments are included in the scope of reportable segments until this weighting reaches 75%:

- (1) Determining the operating segment for which the management believes that disclosure of the operating segment information is useful to users of accounting information as the reporting

segment;

(2) Consolidate the operating segment with one or more other operating segments with similar economic characteristics that meet the conditions for combining operating segments, as one reportable segment.

The inter-segment transfer price is determined with reference to the market price, and the assets and related expenses used in common with each segment are allocated among different segments according to the proportion of income.

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14.6.2 Financial information of reportable segments
Reportable segment in 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	17,626,977,403.86	26,700,616,136.74	11,800,786,634.10	4,918,128,217.76	13,798,633,957.86	74,845,142,350.32	19,492,002,221.36	55,353,140,128.96
Including: revenue from foreign transactions	14,913,928,738.85	14,684,569,729.76	10,539,987,531.09	4,238,084,530.29	10,976,569,598.97	55,353,140,128.96		55,353,140,128.96
Revenue from inter-segment transactions	2,713,048,665.01	12,016,046,406.98	1,260,799,103.01	680,043,687.47	2,822,064,358.89	19,492,002,221.36	19,492,002,221.36	
Operating cost	15,582,922,414.81	23,866,460,777.94	10,788,242,026.94	3,224,812,861.04	11,828,614,925.07	65,291,053,005.80	19,941,829,978.00	45,349,223,027.80
Offset of cost	2,617,803,003.82	12,286,785,976.89	1,335,028,169.25	1,288,994,399.87	2,413,218,428.17	19,941,829,978.00	19,941,829,978.00	
Period expenses						6,246,204,191.67	-531,022,328.79	6,777,226,520.46
Operating profits (losses)	1,948,809,327.86	3,104,894,928.71	1,086,773,673.40	2,302,266,069.12	1,561,173,102.07	10,003,917,101.16	6,683,045,821.87	3,320,871,279.29
Total assets						200,698,233,016.47	85,433,172,549.08	115,265,060,467.39
Including: the amount of a single asset with significant impairment loss								
Total liabilities								
Supplementary information						140,709,385,496.42	64,069,196,556.19	76,640,188,940.23
Capital expenditure								
Impairment losses recognized in the current period								
Including: allocation of goodwill impairments and depreciation amortization costs						-327,051,991.20	-124,019,750.88	-203,032,240.32
Other non-cash expenses excluding impairment loss, depreciation and amortization						886,137,572.99		886,137,572.99

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Reportable segment in 2021

Item	Renewable energy equipment	Clean and efficient energy equipment	Engineering and trade	Modern manufacturing services industry	Emerging growth industry	Summary	Offset	Total
Operating revenue	18,717,207,313.08	23,107,114,285.36	8,764,600,495.09	4,651,829,303.25	11,304,489,203.53	66,545,240,600.31	18,726,073,659.84	47,819,166,940.47
Including: revenue from foreign transactions	15,138,463,805.74	12,786,983,905.17	7,758,030,958.59	3,963,328,641.64	8,172,359,629.33	47,819,166,940.47		47,819,166,940.47
Revenue from inter-segment transactions	3,578,743,507.34	10,320,130,380.19	1,006,569,536.50	688,500,661.61	3,132,129,574.20	18,726,073,659.84	18,726,073,659.84	
Operating cost	16,547,697,837.58	20,799,431,377.15	7,771,645,626.91	3,405,031,654.93	9,328,627,000.08	57,852,433,496.65	19,070,246,221.66	38,782,187,274.99
Offset of cost	3,577,233,803.88	10,790,479,510.33	857,892,104.11	1,284,171,165.13	2,560,469,638.21	19,070,246,221.66	19,070,246,221.66	
Period expenses						5,828,470,022.99	-568,487,117.47	6,396,957,140.46
Operating profits (losses)	2,167,999,772.04	2,778,032,038.35	844,277,435.79	1,842,468,151.84	1,404,202,267.46	9,036,979,665.48	6,378,736,795.46	2,658,242,870.02
Total assets						182,606,985,457.55	79,502,412,153.22	103,104,573,304.33
Including: the amount of a single asset with significant impairment loss								
Total liabilities								
Supplementary information						126,303,158,392.54	58,582,462,313.58	67,720,696,078.96
Capital expenditure								
Impairment losses recognized in the current period								
Including: allocation of goodwill impairments and Depreciation						-824,141,145.24	-76,139,863.77	-748,001,281.47
amortization costs and Other non-cash expenses excluding impairment loss, depreciation and amortization						897,422,988.23		897,422,988.23

The accounting policies of each business segment of the Company are the same as those described in "Significant Accounting Policies and Accounting Estimates".

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The total revenue from foreign transactions at home and in other countries and regions are listed as follows:

Revenue from foreign transactions	Year 2022	Year 2021
Within the territory of China (except for Hong Kong)	50,422,083,708.00	43,918,993,698.68
Other overseas areas	4,931,056,420.96	3,900,173,241.79
Total	55,353,140,128.96	47,819,166,940.47

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	Closing balance	Opening balance
Within one year	721,928,760.39	635,876,384.34
1-2 years	360,730,938.89	346,356,310.74
2-3 years	276,624,129.13	454,870,447.79
3-4 years	238,775,790.87	96,569,376.06
4-5 years	43,929,443.61	61,624,013.00
Over 5 years	107,673,175.01	289,788,609.18
Sub-total	1,749,662,237.90	1,885,085,141.11
Less: provision for bad debts	352,642,570.90	516,631,905.97
Total	1,397,019,667.00	1,368,453,235.14

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

Category	Closing balance				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts accrued on an individual basis					
Provision for bad debts accrued on a portfolio basis	1,749,662,237.90	100.00	352,642,570.90	20.15	1,397,019,667.00
Including:					
Accounts receivable with the provision for bad debts made on a portfolio with credit risk characteristics	1,749,662,237.90	100.00	352,642,570.90	20.15	1,397,019,667.00
Total	1,749,662,237.90	—	352,642,570.90	20.15	1,397,019,667.00

DONGFANG ELECTRIC CORPORATION LIMITED
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(CONT'D) :

Category	Opening balance				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts accrued on an individual basis					
Provision for bad debts accrued on a portfolio basis	1,885,085,141.11	100.00	516,631,905.97	27.41	1,368,453,235.14
Including:					
Accounts receivable with the provision for bad debts made on a portfolio with credit risk characteristics	1,885,085,141.11	100.00	516,631,905.97	27.41	1,368,453,235.14
Total	1,885,085,141.11	—	516,631,905.97	27.41	1,368,453,235.14

15.1.3 Provision for bad debts accrued on a portfolio basis

Aging	Closing balance			Opening balance		
	Book balance		Provision for bad debts	Book balance		Provision for bad debts
	Amount	Proportion (%)		Amount	Proportion (%)	
Within one year	721,928,760.39	41.26	36,096,438.02	635,876,384.34	33.73	31,793,819.23
1-2 years	360,730,938.89	20.62	36,073,093.89	346,356,310.74	18.37	34,635,631.08
2-3 years	276,624,129.13	15.81	55,324,825.82	454,870,447.79	24.13	90,974,089.55
Over 3 years	390,378,409.49	22.31	225,148,213.17	447,981,998.24	23.76	359,228,366.11
Total	1,749,662,237.90	—	352,642,570.90	1,885,085,141.11	—	516,631,905.97

15.1.4 Top 5 of accounts receivable as at December 31, 2022, presented by debtor

Debtor	Book balance	Proportion in the total accounts receivables (%)	Provision for bad debts
Entity 1	169,379,691.54	9.68	14,462,507.58
Entity 2	154,363,681.58	8.82	26,712,938.52
Entity 3	103,015,000.00	5.89	5,150,750.00
Entity 4	101,196,024.55	5.78	10,119,601.94
Entity 5	93,038,000.00	5.32	18,607,600.00
Total	620,992,397.67	35.49	75,053,398.04

15.2 Other receivables

Item	Closing balance	Opening balance
Interest receivable	1,297,726.89	175,312.50
Dividends receivable	24,482,648.69	28,228,570.56
Other receivables	71,357,911.86	78,582,939.90

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Item	Closing balance	Opening balance
Total	97,138,287.44	106,986,822.96

15.2.1 Interest receivable

Classification of interest receivable

Item	Closing balance	Opening balance
Time deposits	1,297,726.89	175,312.50
Entrusted loan		
Bond investments		
Others		
Total	1,297,726.89	175,312.50

15.2.2 Dividends receivable

(1) Details of dividends receivable

Ages	Closing balance	Opening balance
Within one year	12,254,555.63	
Over one year	19,517,032.10	28,228,570.56
Sub-total	31,771,587.73	28,228,570.56
Less: provision for bad debts	7,288,939.04	
Total	24,482,648.69	28,228,570.56

(2) Significant dividends receivable with aging over one year

Item (or investee)	Balance as at December 31, 2022	Aging	Reason for non-recovery	Whether impairment or not and the judgment basis
Longkou Wind Power	5,210,684.23	1-3year	Invested companies are short of funds	No, paid upon receipt of state subsidy
Hongnijing Wind Power	7,017,408.83	1-3year	Invested companies are short of funds	No, paid upon receipt of state subsidy
Ulan New Energy	3,828,807.76	2-3year	The investee enterprise has financial difficulties	Yes
Sanshengtai Wind Power	3,460,131.28	2-3year	The investee enterprise has financial difficulties	Yes
Total	19,517,032.10			

(3) Provision for bad debts of dividends receivable

	Phase 1	Phase 2	Phase 3	
Provision for bad debts	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)	Total

DONGFANG ELECTRIC CORPORATION LIMITED
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Provision for bad debts	Phase 1	Phase 2	Phase 3	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment)	
Balance as at December 31, 2021				
In 2021, balance as at December 31, 2021	—	—	—	—
- Transfer to Phase 2				
- Transfer to Phase 3				
- Reversal from Phase 2				
- Reversal from Phase 1				
Provision in 2022	7,288,939.04			7,288,939.04
Reversal in 2022				
Write-off in 2022				
Charge-off in 2022				
Other changes				
Balance as at December 31, 2022	7,288,939.04			7,288,939.04

15.2.3 Other receivables

(1) Disclosure by aging

Aging	Closing balance	Opening balance
Within one year	8,171,844.59	20,047,323.71
1-2 years	12,016,075.89	12,672,771.60
2-3 years	8,554,727.90	2,688,354.94
3-4 years	2,678,268.17	2,288,641.81
4-5 years	55,729.18	4,103,161.44
Over 5 years	50,311,248.56	55,282,068.40
Sub-total	81,787,894.29	97,082,321.90
Less: provision for bad debts	10,429,982.43	18,499,382.00
Total	71,357,911.86	78,582,939.90

(2) Classification according to the nature

Nature of payment	Closing balance	Opening balance
Guarantee and quality guarantee fund	5,199,746.91	5,199,746.91
Reserve fund	4,047,504.01	8,104,047.48
Others	72,540,643.37	83,778,527.51
Sub-total	81,787,894.29	97,082,321.90
Less: provision for bad debts	10,429,982.43	18,499,382.00

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FOR THE YEAR ENDED DECEMBER 31, 2022

Nature of payment	Closing balance	Opening balance
Total	71,357,911.86	78,582,939.90

(3) Disclosure by classification

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

(CONT'D) :

Category	Opening balance				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts accrued on an individual basis	54,767,606.75	56.41	10,029,041.44	18.31	44,738,565.31
Provision for bad debts accrued on a portfolio basis	42,314,715.15	43.59	8,470,340.56	20.02	33,844,374.59
Including:					
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	—	18,499,382.00	19.06	78,582,939.90

(4) Provision for bad debts accrued on an individual basis

Entity name	Book balance	Provision for bad debts	Proportion of provision (%)	Reason for provision
Entity 1	44,300,000.00			Investment money, excluding bad debts
Entity 2	31,667.89			
Total	44,331,667.89		—	—

(5) Provision for bad debts accrued on a portfolio basis

Ages	Closing balance			Opening balance		
	Book balance		Provision for bad debts	Book balance		Provision for bad debts
	Amount	Proportion (%)		Amount	Proportion (%)	

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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Ages	Closing balance			Opening balance		
	Book balance		Provision for bad debts	Book balance		Provision for bad debts
	Amount	Proportion (%)		Amount	Proportion (%)	
Within one year	8,140,176.70	21.73	407,008.85	19,608,758.40	46.34	980,437.92
1-2 years	12,016,075.89	32.08	1,201,607.59	12,672,771.60	29.95	1,267,277.15
2-3 years	8,554,727.90	22.84	1,710,945.57	2,688,354.94	6.35	537,671.00
3-4 years	2,678,268.17	7.15	1,071,307.27	2,013,143.94	4.76	805,257.59
4-5 years	55,729.18	0.15	27,864.59	903,978.78	2.14	451,989.41
Over 5 years	6,011,248.56	16.05	6,011,248.56	4,427,707.49	10.46	4,427,707.49
Total	37,456,226.40	—	10,429,982.43	42,314,715.15	—	8,470,340.56

(6) Provision for bad debts of other receivables

Provision for bad debts	Phase 1	Phase 2	Phase 3	Total
	Expected credit losses in the next 12 months	Expected credit losses for the entire duration (no credit impairment)	Expected credit losses for the entire duration (credit impairment)	
Balance as at December 31, 2021	8,470,340.56		10,029,041.44	18,499,382.00
In 2021, balance as at December 31, 2021	—	—	—	—
- Transfer to Phase 2				
- Transfer to Phase 3				
- Reversal from Phase 2				
- Reversal from Phase 1				
Provision in 2022	1,959,641.87			1,959,641.87
Reversal in 2022			10,029,041.44	10,029,041.44
Write-off in 2022				
Charge-off in 2022				
Other changes				
Balance as at December 31, 2022	10,429,982.43			10,429,982.43

Significant amount for the reversal or recovery of bad debts in the current period

Entity name	Amount recovered or reversed	Method for recovery	Note
Entity 1	10,029,041.44	Recovered	Write-off of estimated liabilities
Total	10,029,041.44		

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

(7)Top 5 of other receivables as at December 31, 2022, presented by debtor

Debtor	Nature of payment	Book balance	Aging	Proportion in total other receivables (%)	Provision for bad debts
Entity 1	Investment fund	44,300,000.00	Over 5 years	54.16	
Entity 2	Advances	10,728,012.47	Within 1 year to 3-4year	13.12	1,992,343.78
Entity 3	Advances	5,567,284.30	Within 1 year to 3-4year	6.81	1,081,332.78
Entity 4	Deposit	5,199,746.91	1-2year	6.36	519,974.69
Entity 5	Others	3,797,000.00	3-5year	4.64	3,626,840.00
Total	—	69,592,043.68	—	85.09	7,220,491.25

15.3 Long-term equity investments

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investments in subsidiaries	22,101,493,911.79		22,101,493,911.79	21,737,193,911.79		21,737,193,911.79
Investments in associates	942,074,302.98	40,845,971.47	901,228,331.51	821,399,115.90		821,399,115.90
Investments in joint ventures	221,402,684.11		221,402,684.11	223,419,811.55		223,419,811.55
Total	23,264,970,898.88	40,845,971.47	23,224,124,927.41	22,782,012,839.24		22,782,012,839.24

15.3.1 Investments in subsidiaries

Investee	Initial investment cost	Balance as at December 31, 2021	Increase in 2022	Decrease in 2022	Balance as at December 31, 2022	Provision for impairment in 2022
DongFang Boiler	5,192,395,417.83			5,192,395,417.83		
Dongfang Turbine	6,010,766,999.71			6,010,766,999.71		
Dongfang Machinery	3,164,000,000.00			3,164,000,000.00		
DongFang (India)	129,504,712.22			129,504,712.22		
Dongfang (Wuhan) Nuclear Equipmen	232,060,000.00	114,300,000.00		346,360,000.00		
Dongfang Heavy Machinery	589,459,392.37			589,459,392.37		
Dongfang Wind Power	1,007,437,000.00			1,007,437,000.00		
Dongfang International	1,409,966,967.29			1,409,966,967.29		

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Investee	Initial investment cost	Balance as at December 31, 2021	Increase in 2022	Decrease in 2022	Balance as at December 31, 2022	Provision for impairment in 2022
Dongfang Finance	2,867,031,546.59			2,867,031,546.59		
Dongfang Materials	409,061,568.69			409,061,568.69		
Dongfang Auto Control	394,083,121.44			394,083,121.44		
Dongfang Hydrogen Fuel Cell Technology	110,307,373.46			110,307,373.46		
Science and Technology Institute of Dongfang	71,119,812.19	100,000,000.00		171,119,812.19		
Dongfang Innovation and Technology	150,000,000.00	150,000,000.00		300,000,000.00		
Total	21,737,193,911.79	364,300,000.00		22,101,493,911.79		

15.3.2 Investments in associates and joint ventures

Investee	Balance as at December 31, 2021	Increase/decrease in 2022			
		Additional investment	Decrease in investment	Profit or loss on investments recognized by the equity method	Adjustment to other comprehensive income
1. Joint ventures					
Dongfang Framatome	223,419,811.55			19,695,673.97	
Sub-total	223,419,811.55			19,695,673.97	
2. Associates					
Sichuan Energy Wind Power	537,550,972.87			121,849,870.49	
Huadian Longkou Wind Power	75,395,022.08			10,803,106.87	
China United Heavy Gas Turbine Technology	131,398,795.38			18,011.81	
Hongnijing Wind Power	23,435,950.00			1,064,430.91	
Sanshengtai Wind Power	14,902,607.53			-1,176,636.06	
Ulan New Energy	38,715,768.04			-4,924,446.15	

DONGFANG ELECTRIC CORPORATION LIMITED
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Investee	Balance as at December 31, 2021	Increase/decrease in 2022			
		Additional investment	Decrease in investment	Profit or loss on investments recognized by the equity method	Adjustment to other comprehensive income
Sub-total	821,399,115.90			127,634,337.87	
Total	1,044,818,927.45			147,330,011.84	

(CONT'D) :

Investee	Increase/decrease in 2022				Balance as at December 31, 2022	Balance of provision for impairment as at December 31, 2022
	Other changes in equities	Cash dividends or profits declared to be distributed	Provision for impairment	Others		
1. Joint ventures						
Dongfang Framatome		21,712,801.41			221,402,684.11	
Sub-total		21,712,801.41			221,402,684.11	
2. Associates						
Sichuan Energy Wind Power	5,295,404.84				664,696,248.20	
Huadian Longkou Wind Power		9,185,537.56			77,012,591.39	
China United Heavy Gas Turbine Technology					131,416,807.19	
Hongnijing Wind Power		3,069,018.07			21,431,362.84	
Sanshengtai Wind Power			13,725,971.47		13,725,971.47	13,725,971.47
Ulan New Energy			27,120,000.00		33,791,321.89	27,120,000.00
Sub-total	5,295,404.84	12,254,555.63	40,845,971.47		942,074,302.98	40,845,971.47
Total	5,295,404.84	33,967,357.04	40,845,971.47		1,163,476,987.09	40,845,971.47

15.4 Operating revenue and operating costs

Item	Year 2022		Year 2021	
	Revenue	Cost	Revenue	Cost
Primary business	12,555,083,706.09	12,198,588,223.91	11,932,909,852.75	11,379,217,923.30
Other business	542,722.81	1,251,923.28	30,281,021.31	7,305,495.59
Total	12,555,626,428.90	12,199,840,147.19	11,963,190,874.06	11,386,523,418.89

15.5 Investment income

Source of investment income	Year 2022	Year 2021
Income from long-term equity investments calculated under cost method	147,330,011.84	121,273,838.27
Income from long-term equity investments calculated under equity method	982,736,895.96	709,364,228.44

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Source of investment income	Year 2022	Year 2021
Investment income from financial assets held for trading during the holding period	89,114.00	14,322,493.86
Investment income from disposal of held for trading		28,448,814.88
Investment income from debt restructuring	135,649,171.95	
Others	777,028.30	1,635,613.21
Total	1,266,582,222.05	875,044,988.66

15.6 Cash flows

15.6.1 Net profit adjusted to cash flows from operating activities

Item	Year 2022	Year 2021
1. Net profit adjusted to cash flows from operating activities		
Net profit	1,145,716,562.34	1,141,407,059.53
Plus: losses from credit impairment	153,060,026.26	-11,313,970.21
Provision for asset impairment	-164,769,795.60	39,689,296.03
Depreciation of investment properties and fixed assets	8,400,715.83	8,756,755.48
Amortization of intangible assets	67,034,227.03	90,381,160.42
Depreciation of right-of-use assets	25,642,376.95	23,455,433.85
Amortization of long-term deferred expenses		
Losses on disposal of fixed assets, intangible assets and other long-term assets ("-" for income)		131,753.40
Losses from scrapping of fixed assets ("-" for income)	-292,230.50	1,548.41
Losses from changes in fair value ("-" for income)	1,656,996.00	-177,942,777.03
Financial expenses ("-" for income)	-102,414,511.49	-34,869,195.64
Investment losses ("-" for income)	-1,266,582,222.05	-875,044,988.66
Decreases in deferred income tax assets ("-" for increases)	26,643,994.02	38,376,705.84
Increases in deferred income tax liabilities ("-" for decreases)		
Decreases in inventories ("-" for increases)	-184,646,213.92	-409,794,449.82
Decreases in Contract assets ("-" for increases)	-28,731,302.58	-49,015,433.58
Decreases in operating receivables ("-" for increases)	101,053,347.10	880,942,681.77
Increases in operating payables ("-" for decreases)	2,534,705,151.05	-188,700,086.75
Others		
Net cash flows from operating activities	2,316,477,120.44	476,461,493.04
2. Significant investing and financing activities not involving cash receipts and payments		
Conversion of debt into capital		
Convertible corporate bonds maturing within one year		
Fixed assets acquired under financing lease		

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Item	Year 2022	Year 2021
3. Net changes in cash and cash equivalents		
Ending balance of cash	8,293,786,594.85	6,239,742,130.22
Less: beginning balance of cash	6,239,742,130.22	5,164,577,904.92
Plus: ending balance of cash equivalents		
Less: beginning balance of cash equivalents		
Net increase in cash and cash equivalents	2,054,044,464.63	1,075,164,225.30

15.6.2 Breakdown of cash and cash equivalents

Item	Year 2022	Year 2021
I. Cash	8,293,786,594.85	6,239,742,130.22
Including: cash on hand	165,875.21	505,384.06
Unrestricted bank deposit	8,292,672,758.58	6,238,419,719.25
Other unrestricted cash and cash equivalents	947,961.06	817,026.91
Unrestricted deposits in central bank		
Deposits in banks and other financial institutions		
Loans to banks and other financial institutions		
II. Cash equivalents		
Including: bond investments maturing within three months		
III. Ending balance of cash and cash equivalents	8,293,786,594.85	6,239,742,130.22

16、Supplementary information

16.1 Breakdown of non-recurring profit or loss in 2022

Item	Amount	Note
Profit or loss from disposal of non-current assets	49,229,605.55	
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)	154,531,765.68	
Expenses for using funds charged from non-financial enterprises and included in the current profit or loss		
Gains or losses from non-monetary asset exchange		
Impairment provision for force majeure such as natural calamities		
Gains or losses from debt restructuring	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		
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	-6,572,214.18	

DONGFANG ELECTRIC CORPORATION LIMITED
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Item	Amount	Note
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		
Reversal of provision for impairment of receivables and contract assets subject to separate impairment test	365,527,834.86	
Profits or losses from entrusted loans		
Profits or losses on changes in fair value of investment property subsequently measured by adopting the fair value mode		
Custodian income from entrusted management		
Other non-operating revenue and expenses except for the above-mentioned items	-2,465,368.22	
Other items of gains and losses subject to the definition of non-recurring gains and losses	-79,287,619.06	
Affected amount of income tax	95,561,988.67	
Affected amount of minority equity (after tax)	48,049,446.04	
Total	473,001,741.87	

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	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	8.43	0.92	0.92
Net profit attributable to ordinary shareholders of the Company after deducting the non-recurring gains and losses	7.03	0.76	0.76

Dongfang Electric Corporation Limited

(Official seal)

March 31, 2023



营业执照

(副本) (7-1)

统一社会信用代码

91110108590676050Q



扫描市场主体身份码，了解更多登记、备案、许可、监管信息，体验更多应用服务。

名称 大华会计师事务所(特殊普通合伙)
类型 特殊普通合伙企业
出资人 梁春、商峰
经营范围 审查企业会计报表，出具审计报告；验证企业资本，出具验资报告；办理企业合并、分立、清算事宜中的审计业务，出具有关报告；基本建设年度审计；代理记账；会计咨询、税务咨询、管理咨询、会计培训；法律、法规规定的其他业务；(依法须经批准的项目，经相关部门批准后方可开展经营活动，依法须经批准的项目，经相关部门批准后依批准的内容开展经营活动。)

出资额 2880万元
成立日期 2012年02月09日
主要经营场所 北京市海淀区西四环中路16号院7号楼1101



登记机关

2023年01月09日

此件仅用于业务报告专用，复印无效。

国家企业信用信息公示系统网址：

<http://www.gsxt.gov.cn>

市场主体应当于每年1月1日至6月30日通过国家企业信用信息公示系统报送公示年度报告。

国家市场监督管理总局监制



证书序号: 0000093

说明

- 1、《会计师事务所执业证书》是证明持有人经财政部门依法审批, 准予执行注册会计师法定业务的凭证。
- 2、《会计师事务所执业证书》记载事项发生变动的, 应当向财政部门申请换发。
- 3、《会计师事务所执业证书》不得伪造、涂改、出租、出借、转让。
- 4、会计师事务所终止或执业许可注销的, 应当向财政部门交回《会计师事务所执业证书》。

会计师事务所 执业证书



名称: 大华会计师事务所(特殊普通合伙)

首席合伙人: 梁春

主任会计师:

经营场所: 北京市海淀区西四环中路16号院7号楼12层

组织形式: 特殊普通合伙

执业证书编号: 11010148

批准执业文号: 京财会许可[2011]0101号

批准执业日期: 2011年11月03日

此件仅用于业务报告专用, 复印无效。



发证机关:

二〇一七年 七月 七日

中华人民共和国财政部制

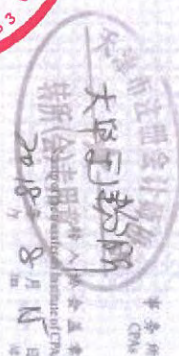


姓名: 张巍
Full name: Zhang Wei
性别: 男
Sex: Male
出生日期: 1978-03-11
Date of birth: 1978-03-11
工作单位: 国富浩华会计师事务所有限公司北京
Working unit: Guofu Haohua Accounting Firm Co., Ltd. Beijing
身份证号码: 652801197803113913
Identity card No: 652801197803113913

证书编号: 110004230076
No. of Certificate: 110004230076
批准注册协会: 北京注册会计师协会
Authorized Institute of CPAs: Beijing Institute of CPAs
发证日期: 2011年2月24日
Date of Issuance: 2011-02-24



2012年2月20日



注册会计师工作单位变更事项登记
Registration of the Change of Working Unit by a CPA
同意调入: 大华(审计)事务所
Agree the holder to be transferred to: Dahua (Audit) Firm
同意调出: 大华(审计)事务所
Agree the holder to be transferred from: Dahua (Audit) Firm
转出协会盖章: 2018年7月13日
转出协会: 大华(审计)事务所
转出协会: Dahua (Audit) Firm
转出日期: 2018年7月13日
转出日期: 2018-07-13

一、注册会计师变更工作单位, 应当由转出和转入单位分别出具同意变更证明, 并经转出单位盖章。
二、注册会计师变更工作单位, 应当由转出单位出具同意变更证明, 并经转出单位盖章。
三、注册会计师变更工作单位, 应当由转出单位出具同意变更证明, 并经转出单位盖章。
四、本证书如遗失, 应立即向主管注册会计师协会报告, 登报声明作废, 办理补办手续。

NOTES

1. When practising, the CPA shall show the client this certificate when necessary.
2. This certificate shall be exclusively used by the holder. No transfer or alteration shall be allowed.
3. The CPA shall return the certificate to the competent Institute of CPAs when the CPA stops conducting statutory business.
4. In case of loss, the CPA shall report to the competent Institute of CPAs immediately and go through the procedure of reissue after making an announcement of loss on the new paper.



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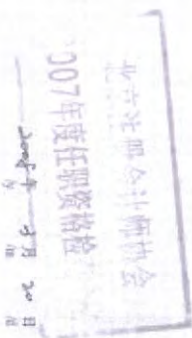


姓名 尹传松
Full name 男
Sex 男
出生日期 1974-11-11
Date of birth 中大会计师事务所
Working unit 413023197411110075
身份证号码 Identity card No.



年度检验登记
Annual Renewal Registration

本证书经检验合格，继续有效一年。
This certificate is valid for another year after this renewal.



年度检验登记
Annual Renewal Registration

本证书经检验合格，继续有效一年。
This certificate is valid for another year after this renewal.

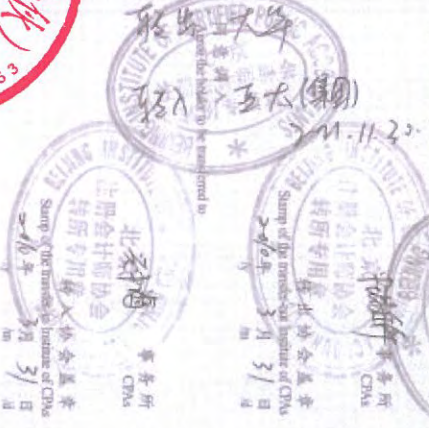
证书编号: 110002290011
北京注册会计师协会
Authorized Institute of CPAs 2004-12-01
发证日期: 年 月 日
Date of issuance



姓名: 尹传松
证书编号: 110002290011
I R18 certificate is valid for another year after this renewal.



记
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注册会计师工作单
Registration of the Change of Working Unit by a CPA
同意变更
Agree the holder to be transferred.

转出: 中大
转入: 中大(集团)

转入: 中大(集团)
转出: 中大

1. When practicing, the CPA shall show the client this certificate when necessary.
2. This certificate shall be exclusively used by the holder. No transfer or alteration shall be allowed.
3. The CPA shall return the certificate to the competent Institute of CPAs when the CPA stops conducting statutory business.
4. In case of loss, the CPA shall report to the competent Institute of CPAs immediately and go through the procedure of revocation after making an announcement of loss on the new speaker.

NOTES
2007.12.26

注册会计师执业公告，必要的时向委托方出示本证书。
二、本证书只限于本人使用，不得转让、涂改。
三、注册会计师停止执业法定业务时，应将本证书缴回主管注册会计师协会。
四、本证书如遗失，应立即向主管注册会计师协会报告，登报声明作废后，办理补发手续。

大信会计师事务所
注册 事项 2012.5.26