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**東方電氣股份有限公司**  
**DONGFANG ELECTRIC CO., LTD.**

*(A joint stock limited company incorporated in the People's Republic of China)*

(Stock Code: 1072)

## **ANNOUNCEMENT OF 2021 INTERIM RESULTS**

### **RESULTS HIGHLIGHTS**

Total operating revenue of the Group for the first half of 2021 amounted to RMB22,737 million, representing an increase of 28.07% as compared with the same period of the previous year;

Net profit of the Group attributable to shareholders of the parent company for the first half of 2021 amounted to RMB1,348 million, representing an increase of 41.27% as compared with the same period of the previous year;

Earnings per share of the Group in the first half of 2021 amounted to RMB0.43, as compared with RMB0.31 for the same period of the previous year;

New orders of the Group in the first half of 2021 amounted to RMB34,392 million; and

the Board does not recommend the payment of an interim dividend.

The board (the “**Board**”) of directors (the “**Directors**”) of Dongfang Electric Corporation Limited (the “**Company**”) is pleased to announce the unaudited interim consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2021 (the “**Period**” or “**Reporting Period**”) prepared in accordance with the China Accounting Standards for Business Enterprises. The unaudited interim consolidated results have been reviewed by the audit and review committee of the Company.

## FINANCIAL INFORMATION

### Consolidated Statement of Financial Position

30 June 2021

(Amounts are expressed in RMB unless otherwise stated)

Item	Notes	30 June 2021 (Unaudited)	31 December 2020 (Audited)
<b>Current Assets:</b>			
Cash and cash equivalents		25,798,893,048.69	26,686,232,240.60
Clearing provision		—	—
Funds for lending		—	—
Held-for-trading financial assets		1,347,257,417.87	1,292,860,471.15
Derivative financial assets		—	—
Notes receivable		3,532,676,667.97	3,781,237,139.94
Accounts receivable	2	8,096,609,999.12	7,526,238,208.54
Receivables financing		1,712,625,427.51	1,946,034,819.15
Prepayments		3,443,580,283.44	2,973,122,649.71
Premiums receivable		—	—
Amounts receivable under reinsurance contracts		—	—
Reinsurer's share of insurance contract reserves		—	—
Other receivables		904,033,520.54	633,416,127.20
Financial assets purchased under resale agreements		2,851,324,200.00	2,730,498,000.00
Inventories		17,394,648,933.48	15,609,854,069.57
Contract assets		9,482,084,562.18	6,527,930,416.19
Assets held for sale		—	—
Non-current assets due within one year		—	—
Other current assets		1,075,677,703.87	965,833,690.73
<b>Total Current Assets</b>		<b>75,639,411,764.67</b>	<b>70,673,257,832.78</b>

Item	Notes	30 June 2021 (Unaudited)	31 December 2020 (Audited)
<b>Non-current Assets:</b>			
Loans and advances		2,128,583,098.41	1,927,919,340.85
Debt investments		5,925,466,495.77	9,946,621,270.91
Other debt investments		–	–
Long-term receivables		211,352,179.35	273,964,739.39
Long-term equity investments		2,143,149,384.72	1,775,770,115.49
Other investments in equity instruments		52,300,000.00	27,544,649.47
Other non-current financial assets		–	–
Investment properties		148,832,100.31	162,966,524.20
Fixed assets		4,861,865,225.55	5,242,562,925.69
Constructions in process		237,340,275.39	204,474,620.89
Productive biological assets		–	–
Oil and gas assets		–	–
Right-of-use assets		99,168,270.63	164,993,842.35
Intangible assets		1,514,990,162.50	1,599,905,484.86
Development expenditure		2,051,886.80	2,051,886.80
Goodwill		–	–
Long-term deferred expenses		2,267,479.92	2,109,452.20
Deferred tax assets		3,039,327,177.62	2,975,542,663.62
Other non-current assets		3,501,943,598.02	2,815,452,419.66
<b>Total Non-current Assets</b>		<b>23,868,637,334.99</b>	<b>27,121,879,936.38</b>
<b>TOTAL ASSETS</b>		<b>99,508,049,099.66</b>	<b>97,795,137,769.16</b>

Item	Notes	30 June 2021 (Unaudited)	31 December 2020 (Audited)
<b>Current Liabilities:</b>			
Short-term Loans		317,650,000.00	297,980,000.00
Loans from the central bank		–	16,043,235.82
Taking from banks and other financial institutions		–	–
Held-for-trading financial liabilities		–	–
Derivative financial liabilities		–	–
Notes payable		4,366,462,802.98	4,861,679,751.95
Accounts payable	3	15,038,083,861.81	13,641,381,835.86
Receipts in advance		–	–
Contract liabilities		27,520,545,947.24	28,922,353,784.79
Financial assets sold under repurchase agreements		–	–
Customer deposits and deposits from banks and other financial institutions		5,850,099,307.92	5,726,841,172.92
Funds from securities trading agency		–	–
Funds from underwriting securities agency		–	–
Employee benefits payable		623,896,042.57	677,337,429.12
Taxes payable		322,717,320.57	288,449,718.75
Other payables		2,421,877,947.82	1,411,657,254.42
Fees and commissions payable		–	–
Amounts payable under insurance contracts		–	–
Liabilities as held for sale		–	–
Non-current liabilities due within one year		121,260,702.26	139,954,877.02
Other current liabilities		149,297,210.17	121,286,819.72
<b>Total Current Liabilities</b>		<b>56,731,891,143.34</b>	<b>56,104,965,880.37</b>

<b>Item</b>	<i>Notes</i>	<b>30 June 2021 (Unaudited)</b>	<b>31 December 2020 (Audited)</b>
<b>Non-current Liabilities:</b>			
Insurance contract reserves		–	–
Long-term borrowings		<b>705,770,979.40</b>	719,350,539.48
Bonds payable		–	–
Lease liabilities		<b>28,253,838.16</b>	27,531,905.94
Long-term payables		<b>5,687,173.58</b>	5,660,910.03
Long-term accrued payroll		<b>1,103,810,512.63</b>	960,970,033.23
Provisions liabilities		<b>5,958,951,028.43</b>	5,896,410,937.40
Deferred income		<b>387,867,197.98</b>	404,283,233.21
Deferred tax liabilities		<b>34,364,292.43</b>	34,364,292.43
Other non-current liabilities		–	–
<b>Total Non-current Liabilities</b>		<b><u>8,224,705,022.61</u></b>	<b><u>8,048,571,851.72</u></b>
<b>TOTAL LIABILITIES</b>		<b><u>64,956,596,165.95</u></b>	<b><u>64,153,537,732.09</u></b>

Item	Notes	30 June 2021 (Unaudited)	31 December 2020 (Audited)
<b>Owners' Equity</b>			
Share capital		3,119,626,130.00	3,119,764,130.00
Other equity instruments		–	–
Capital reserves		11,583,467,404.17	11,584,176,034.17
Less: Treasury shares		(171,511,528.00)	(172,329,868.00)
Other comprehensive income		(76,320,962.15)	(67,918,065.04)
Special reserves		110,308,100.67	88,508,618.58
Surplus reserves		972,805,441.29	972,805,441.29
General risk reserves		–	–
Retained profits	4	<u>16,169,239,463.93</u>	<u>15,382,662,236.78</u>
<b>Total owners' equity attributable to equity holders of the parent company (or shareholders' equity)</b>		<u><u>31,707,614,049.91</u></u>	<u><u>30,907,668,527.78</u></u>
<b>Non-controlling shareholders' equity</b>		<u><u>2,843,838,883.80</u></u>	<u><u>2,733,931,509.29</u></u>
<b>Total owners' equity (or shareholders' equity)</b>		<u><u>34,551,452,933.71</u></u>	<u><u>33,641,600,037.07</u></u>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY (OR SHAREHOLDERS' EQUITY)</b>		<u><u>99,508,049, 099.66</u></u>	<u><u>97,795,137,769.16</u></u>

## Consolidated Income Statement

For the six months ended January-June 2021

(Amounts are expressed in RMB unless otherwise stated)

Item	Notes	January-June 2021 (Unaudited)	January-June 2020 (Unaudited)
<b>I. Total revenue</b>	5	<b>22,737,085,561.92</b>	17,752,970,500.73
Including: Operating income		<b>22,213,283,866.86</b>	17,220,493,375.80
Interest income		<b>522,217,202.09</b>	531,303,054.28
Premium earned		–	–
Fee and commission income		<b>1,584,492.97</b>	1,174,070.65
<b>II. Total operating costs</b>	5	<b>21,285,174,090.41</b>	16,342,701,521.47
Including: Operating costs		<b>18,209,818,438.64</b>	13,952,748,578.34
Interest expenses		<b>56,581,143.01</b>	47,110,050.60
Fee and commission expenses		<b>785,443.91</b>	538,467.32
Surrenders		–	–
Net claims		–	–
Net provision for insurance contract		–	–
Insurance policyholder dividends		–	–
Expenses for reinsurance accepted		–	–
Tax and levies		<b>111,658,734.01</b>	98,761,632.25
Sales expenses		<b>649,498,860.65</b>	365,245,712.90
Administrative expenses		<b>1,221,241,346.31</b>	1,032,305,007.66
R&D expenses		<b>1,034,076,117.49</b>	882,438,413.90
Financial expenses		<b>1,514,006.39</b>	(36,446,341.50)
Including: Interest expenses		<b>13,819,760.24</b>	14,328,027.89
Interest income		<b>24,422,770.46</b>	18,780,641.10

<b>Item</b>	<i>Notes</i>	<b>January-June 2021 (Unaudited)</b>	<b>January-June 2020 (Unaudited)</b>
Add: Other gains		<b>55,973,729.36</b>	52,270,749.46
Investment income		<b>184,365,546.04</b>	113,443,156.99
Including: Income from investments in associates and joint ventures		<b>140,123,305.27</b>	72,334,525.29
Derecognition gains on financial assets measured at amortized cost		—	—
Foreign exchange gains		<b>231,986.54</b>	413,609.59
Gains from net exposure hedges		—	—
Gains from changes in fair values		<b>(11,520,868.30)</b>	(110,146,758.23)
Credit impairment loss		<b>(60,718,145.40)</b>	(295,973,409.02)
Impairment loss of assets		<b>(213,043,003.18)</b>	7,651,123.86
Gains from disposal of assets		<b>227,469,625.08</b>	4,914,531.35
<b>III. Operating profit</b>		<b>1,634,670,341.65</b>	1,182,841,983.26
Add: Non-operating income		<b>12,308,505.03</b>	23,303,528.84
Less: Non-operating expenses		<b>(17,505,757.73)</b>	(56,519,445.40)
<b>IV. Total profit</b>		<b>1,629,473,088.95</b>	1,149,626,066.70
Less: Income tax expenses	6	<b>(189,729,824.63)</b>	(130,091,593.13)
<b>V. Net profit</b>		<b>1,439,743,264.32</b>	1,019,534,473.57
(I) Classified by continuing operations			
1. Net profit from continuing operations		<b>1,439,743,264.32</b>	1,019,534,473.57
2. Net profit from discontinued operations		—	—
(II) Classified by ownership			
1. Net profit attributable to shareholders of parent company		<b>1,348,252,556.66</b>	954,371,842.93
2. Profit or loss attributable to non- controlling interest		<b>91,490,707.66</b>	65,162,630.64

Item	Notes	January-June 2021 (Unaudited)	January-June 2020 (Unaudited)
<b>VI. Other comprehensive income (“OCI”)</b>			
(net of tax)		<b>(8,552,373.02)</b>	3,860,709.34
OCI attributable to owners of the parent company (net of tax)		<b>(8,402,897.11)</b>	3,636,809.90
(I) OCI that will not be reclassified to profit and loss		–	1,158,533.99
1. Changes arising from remeasurement benefit plans recognized		–	–
2. OCI by equity method that will not be reclassified to profit and loss		–	–
3. Changes in fair value of investment in other equity instruments		–	1,158,533.99
4. Changes in fair value of the Company’s own credit risks		–	–
(II) OC I that will be reclassified to profit and loss		<b>(8,402,897.11)</b>	2,478,275.91
1. OCI by equity method that will be reclassified to profit and loss		<b>(145,751.22)</b>	(10,413.15)
2. Changes in fair value of other debt investment		–	–
3. The amount of financial assets reclassified into OCI		–	–
4. Credit impairment provisions for other debt investment		–	–
5. Reserve on cash flow hedges		–	–
6. Exchange differences from translation of financial statements		<b>(8,257,145.89)</b>	2,488,689.06
7. Others		–	–
OCI attributable to non-controlling interest, (net of tax)		<b>(149,475.91)</b>	223,899.44
<b>VII. Consolidated income</b>		<b>1,431,190,891.30</b>	1,023,395,182.91
Consolidated income attributable to owners of parent company		<b>1,339,849,659.55</b>	958,008,652.83
Consolidated income attributable to non- controlling interests		<b>91,341,231.75</b>	65,386,530.08
<b>VIII. Earnings per share:</b>			
(1) Basic earnings per share ( <i>RMB/share</i> )	7	<b>0.43</b>	0.31
(2) Diluted earnings per share ( <i>RMB/share</i> )	7	<b>0.43</b>	0.31

## NOTES TO THE FINANCIAL INFORMATION

For the six months ended 30 June 2021

(Amounts are expressed in RMB unless otherwise stated)

### 1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Company's financial statements have been prepared on a going concern basis, recognized and measured based on the actual transactions and matters incurred, and in accordance with the "Accounting Standards for Business Enterprises—Basic Standards" issued by the Ministry of Finance and the relevant specific accounting standards, Application Guidance for Accounting Standards for Business Enterprises, Interpretation of Accounting Standards for Business Enterprises and other relevant requirements (collectively, the "Accounting Standards for Business Enterprises"), and taking into account the disclosure requirements under Information Disclosure and Presentation Rules for Companies Offering Securities to the Public No. 15—General Provisions on Financial Reporting (Revised in 2014) issued by the China Securities Regulatory Commission, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Companies Ordinance.

### 2. ACCOUNTS RECEIVABLE

Item	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Accounts receivable	13,077,266,491.68	12,416,204,162.34
Less: Provision for bad debts	<u>(4,980,656,492.56)</u>	<u>(4,889,965,953.80)</u>
Net accounts receivable	<u><u>8,096,609,999.12</u></u>	<u><u>7,526,238,208.54</u></u>

### Aging analysis of accounts receivable:

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

*Note:* The Group conducted the aging analysis for accounts receivable based on the dates of relevant invoices and settlement statements.

### 3. ACCOUNTS PAYABLE

#### Aging analysis of accounts payable

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Within 1 year (inclusive)	12,718,947,540.08	11,401,420,521.60
1 to 2 years (inclusive)	846,743,027.79	730,111,491.10
2 to 3 years (inclusive)	380,298,878.28	420,449,910.67
Over 3 years	1,092,094,415.66	1,089,399,912.49
<b>Total</b>	<b>15,038,083,861.81</b>	<b>13,641,381,835.86</b>

*Note:* The Company conducted the aging analysis for accounts payable based on the dates of relevant invoices and settlement statements.

#### 4. RETAINED PROFITS

Item	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Retained profits at the beginning of the year	15,382,662,236.78	14,225,616,456.64
Add: Net profits attributable to owners of parent company for the Period	1,348,252,556.66	1,861,998,155.29
Less: Withdrawal of statutory surplus reserves	–	(65,630,466.84)
Withdrawal of discretionary surplus reserve	–	–
Withdrawal of general risk reserve	–	–
Dividend payable on ordinary shares	–	(639,352,397.16)
Ordinary shares dividends transferred to share capital	(561,532,703.40)	(172,770.15)
Carry-forward of other comprehensive income for retained earnings	–	203,259.00
Others	(142,626.11)	–
Retained profits at the end of the Period	<b><u>16,169,239,463.93</u></b>	<b><u>15,382,662,236.78</u></b>

#### 5. OPERATING REVENUE AND OPERATING COST

Item	For the six months ended 30 June 2021 (Unaudited)		For the six months ended 30 June 2020 (Unaudited)	
	Revenue	Cost/Interest expenses/Fee and commission expenses	Revenue	Cost/Interest expenses/Fee and commission expenses
Principal operations	21,933,804,310.86	18,096,962,917.96	16,971,221,005.09	13,815,417,335.42
Other operations	279,479,556.00	112,855,520.68	249,272,370.71	137,331,242.92
Interest income	522,217,202.09	56,581,143.01	531,303,054.28	47,110,050.60
Fee and commission income	1,584,492.97	785,443.91	1,174,070.65	538,467.32
Total	<b><u>22,737,085,561.92</u></b>	<b><u>18,267,185,025.56</u></b>	<b><u>17,752,970,500.73</u></b>	<b><u>14,000,397,096.26</u></b>

## 6. INCOME TAX EXPENSES

Item	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
Income tax expenses for current period	252,313,652.11	163,260,092.88
Deferred income tax expenses	<u>(62,583,827.48)</u>	<u>(33,168,499.75)</u>
<b>Total</b>	<b><u>189,729,824.63</u></b>	<b><u>130,091,593.13</u></b>

Except for four overseas subsidiaries of the Company, namely Dongfang Electric (India) Private Limited (東方電氣(印度)有限公司), Dongfang Electric (Indonesia) Private Limited (東方電氣(印尼)有限公司), Dongfang Electric Machinery Venezuela Co., Ltd. (東方電機委內瑞拉有限責任公司) and Laos Nam Mang Power Company Limited (老撾南芒河電力有限公司), which are subject to corporate income tax as stipulated by their respective local laws, and certain other subsidiaries which enjoy a preferential tax rate of 15%, the remaining subsidiaries are subject to corporate income tax at a rate of 25%.

## 7. EARNINGS PER SHARE

Basic earnings per share are computed by dividing the combined net profit attributable to the holders of ordinary shares of the Parent Company by the weighted average number of outstanding ordinary shares of the Parent Company.

Basic earnings per share are calculated as follows:

Item	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
Combined net profit attributable to the holders of ordinary shares of the Parent Company	1,348,252,556.66	954,371,842.93
Weighted average number of outstanding ordinary shares of the Company (Note)	3,119,672,130.00	3,090,803,431.00
Basic earnings per share (RMB per share)(Note)	0.43	0.31
Including: Basic earnings per share from continuing operations (RMB per share)	<u>0.43</u>	<u>0.31</u>

Notes:

- (1) Weighted average number of outstanding ordinary shares of the Company

= Share capital at the beginning of the year - decrease in the current period \* months counted from the next month following share decrease to the end of the Reporting Period/ the number of months during the Reporting Period

$$= 3,119,764,130.00 - 138,000.00 \times 4/6$$

$$= 3,119,672,130.00$$

- (2) Basic earnings per share

= Combined net profit attributable to the holders of ordinary shares of the Parent Company/weighted average number of outstanding ordinary shares

- (3) The Company repurchased and cancelled 138,000 restricted A shares during the period, which did not affect the calculation of basic earnings per share and did not had dilution effect on earnings per share.

## 8. SEGMENT REPORTING

The Company determines operation reportable segments on the basis of the internal organizational structure, management requirements and internal report system, and disclose such segment information.

The Company's management regularly evaluates the operating results of each reportable segment to make decisions about resources to be allocated to them and to assess their performance.

### Reportable segments for the first half of 2021

Item	High-efficient clean energy equipment	Renewable energy equipment	Engineering and trade	Modern manufacturing services business	Emerging growth business	Summary	Write-off	Total
Operating income	10,801,421,379.00	9,389,128,264.49	3,171,963,245.28	2,693,663,954.46	5,457,736,134.32	31,513,912,977.55	8,776,827,415.63	22,737,085,561.92
Including: External transaction income	6,190,243,009.80	7,871,218,877.06	2,575,811,954.05	2,364,855,456.57	3,734,956,264.44	22,737,085,561.92	-	22,737,085,561.92
Inter-segment transaction income	4,611,178,369.20	1,517,909,387.43	596,151,291.23	328,808,497.89	1,722,779,869.88	8,776,827,415.63	8,776,827,415.63	-
Operating cost	9,710,262,479.78	8,398,172,054.20	2,789,488,479.50	2,004,468,342.49	4,467,350,597.76	27,369,741,953.73	9,102,556,928.17	18,267,185,025.56
Cost written off	4,836,453,264.78	1,538,648,038.55	664,565,892.45	628,279,529.99	1,434,610,202.40	9,102,556,928.17	9,102,556,928.17	-
Expenses for the period	-	-	-	-	-	2,616,184,619.14	(290,145,711.70)	2,906,330,330.84
Operating profit (loss)	1,091,158,899.22	990,956,210.29	382,474,765.78	689,195,611.97	990,385,536.56	1,527,986,404.68	(106,683,936.97)	1,634,670,341.65
Total assets						172,367,058,430.68	72,859,009,331.02	99,508,049,099.66
Including: Amount of substantial impairment loss on a single asset						-	-	-
Total liabilities						117,149,017,830.85	52,192,421,664.90	64,956,596,165.95
Supplemental information						-	-	-
Capital expenditure						-	-	-
Recognized impairment loss of the current period						368,308,897.25	94,547,748.67	273,761,148.58
Including: Amortization of impairment of goodwill								
Depreciation and amortization expenses						453,066,772.02		453,066,772.02
Non-cash expenses other than impairment loss, depreciation and amortization						-	-	-

## Reportable segments for the first half of 2020

Item	High-efficient clean energy equipment	Renewable energy equipment	Engineering and trade	Modern manufacturing services business	Emerging growth business	Summary	Write-off	Total
Operating income	13,592,185,112.09	4,564,167,843.68	2,699,927,065.90	2,166,157,270.73	2,153,252,377.20	25,175,689,669.60	7,422,719,168.87	17,752,970,500.73
Including: External transaction income	8,455,535,717.65	3,200,435,990.79	2,209,839,088.11	1,972,341,354.37	1,914,818,349.81	17,752,970,500.73	–	17,752,970,500.73
Inter-segment transaction income	5,136,649,394.44	1,363,731,852.89	490,087,977.79	193,815,916.36	238,434,027.39	7,422,719,168.87	7,422,719,168.87	–
Operating cost	6,959,009,656.70	2,759,676,709.49	1,707,443,047.05	954,444,057.52	1,619,823,625.50	14,000,397,096.26	7,321,691,430.47	6,678,705,665.79
Cost written off	5,223,350,012.65	1,279,454,842.75	489,404,505.95	148,817,783.74	180,664,285.38	7,321,691,430.47	7,321,691,430.47	–
Expenses for the period	–	–	–	–	–	1,887,208,401.86	(356,334,391.10)	2,243,542,792.96
Operating profit (loss)	<u>6,633,175,455.39</u>	<u>1,804,491,134.19</u>	<u>992,484,018.85</u>	<u>1,211,713,213.21</u>	<u>533,428,751.70</u>	<u>9,288,084,171.48</u>	<u>8,105,242,188.22</u>	<u>1,182,841,983.26</u>
<b>Total assets</b>						<u>165,447,668,703.87</u>	<u>72,711,302,029.02</u>	<u>92,736,366,674.85</u>
Including: Amount of substantial impairment loss on a single asset								
<b>Total liabilities</b>						<u>112,382,067,139.28</u>	<u>51,959,137,844.17</u>	<u>60,422,929,295.11</u>
Supplemental information								
Capital expenditure						–	–	–
Recognized impairment loss of the current period						<u>252,951,055.57</u>	<u>18,042,937.30</u>	<u>234,908,118.27</u>
Including: Amortization of impairment of goodwill Depreciation and amortization expenses						<u>503,092,476.30</u>	<u>–</u>	<u>503,092,476.30</u>
Non-cash expenses other than impairment loss, depreciation and amortization						<u>–</u>	<u>–</u>	<u>–</u>

## 9. DIVIDENDS

The Company paid 2020 final dividend of RMB1.80 for every 10 shares (before tax) totalling a cash distribution of RMB561,532,703 (before tax) to its shareholders on 25 August 2021, with the approval of the 2020 annual general meeting held on 29 June 2021.

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

## MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

With a complete power generation equipment manufacturing system, the Company can develop and mass produce 1 million kilowatt-class hydropower units, 1.35 million kilowatt-class ultra-supercritical thermal power generating units, 1.75 million kilowatt-class nuclear power generating units, heavy-duty gas turbine equipment, direct-drive and double-fed full-series wind power units and high-efficiency solar power station equipment. Our thermal power products, such as 1 million kilowatt-class air-cooled units and large circulating fluidized bed boilers are industry-leading; our hydropower products are generally among the top in China, and our hydroelectric technologies, such as cross-flow and mixed-flow, have reached international leading level. Our 10MW class offshore wind turbine has reached leading level in China. The Company has built a fuel cell product system with fully independent intellectual property rights, and has formed a comprehensive overall solution for all hydrogen acquisition, hydrogen storage, hydrogen filling and hydrogen use.

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

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

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

### ***(I) Continuous improvement of development quality and efficiency during the Reporting Period***

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

## ***(II) Continuous promotion of industrial transformation***

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

## ***(III) Breakthrough made in scientific and technological innovation***

Focusing on the key core technologies, the Company actively coordinated and implemented important national scientific projects and major projects, and concentrated its superior resources on orderly carrying out crucial research and development of major projects, achieving a series of important results. The million-kilowatt hydropower unit in Baihetan with the world's largest single-unit capacity was successfully connected to the grid for power generation, with excellent performance in terms of various parameters. The pumped storage unit in Changlongshan with the highest water head at home was put into commercial operation and received praise from experts in the industry. "HPR1000 (華龍一號)", the first global reactor demo project, the main equipment of which was provided by the Company, was successfully launched initially in the world and connected to the grid for power generation. The Company set three records in its wind power products with the largest size on the sea, the largest size on land and the highest stand altitude, achieved mass delivery of the 10MW offshore wind turbine units with the largest and the second largest single-unit capacity in Asia and in the world, respectively, had the 6MW onshore wind turbine units with the largest single-unit capacity at home be connected to the grid, and successfully installed, by way of hoisting, the distributed 2.5MW wind power units in Zhegu, Comai County, Tibet with the highest stand altitude in the world (5050 meters).

#### ***(IV) Continuous improvement in management level***

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

### **III. PRINCIPAL BUSINESS DURING THE REPORTING PERIOD**

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

**(I) Analysis of Principal Business**

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

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

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

5. The increase in finance costs for the Period as compared with the same period of the previous year was mainly due to the increase in net foreign exchange losses during the Period.
6. The R&D expenses for the Period increased by 17.18% from the same period of the previous year, mainly due to the increase in the research and development investment in key projects during the Period.
7. The decrease in net cash flows from operating activities for the Period as compared with the same period of the previous year was mainly due to the increase in procurement expenses for production and operation of the Company.
8. The increase in cash flows from investing activities for the Period as compared with the same period of the previous year was mainly due to the year-on-year increase in the investment inflow of the bank's wealth management products of DEC Finance of the Company during the Period.
9. The increase in cash flows from financing activities for the Period as compared with the same period of the previous year was mainly due to the increase in cash received from capital injection during the Period as compared with the same period of the previous year.

## 2. *Analysis of Operations by Industry, Product or Region*

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

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

- (1) The Company sought to restructure and upgrade proactively, optimized the allocation of resources and improved its quality control continuously. Realizing various varying level of income growth in other main products except for gas turbine, thermal power and engineering, which recorded a decrease in revenue during the Period. Total operating revenue increased year-on-year by 28.07% during the Period.
- (2) The operating revenue from high-efficiency clean energy equipment decreased year-on-year by 26.79%, mainly due to a decrease in the scale of sales of thermal power and gas turbine products during the Period. The gross profit margin of high-efficiency clean energy equipment increased year-on-year by 3.57 percentage points, mainly due to the change in structure of projects during the Period.
- (3) The revenue from renewable energy equipment for the Period increased year-on-year by 145.94%, mainly due to the year-on-year increase of 267.62% in revenue from wind power products. The gross profit margin of renewable energy equipment for the Period remained basically steady as compared with the corresponding period of last year.
- (4) The operating revenue from engineering and trade for the Period increased year-on-year by 16.56%, mainly due to the year-on-year increase in revenue from trade. The gross profit margin of engineering and trade decreased year-on-year by 5.23 percentage points during the Period, mainly due to the decrease in the gross profit margin of trade business.
- (5) The operating revenue from modern manufacturing services business for the Period increased year-on-year by 19.90%, mainly due to the year-on-year growth in power plant services. The gross profit margin decreased year-on-year by 9.80 percentage points, mainly due to the decrease in the gross profit margin of power plant services.
- (6) The operating revenue from emerging growth business for the Period increased year-on-year by 95.06%, mainly due to the year-on-year growth in revenue from environmental friendly products and energy saving products. The gross profit margin of emerging growth business for the Period increased by 3.40 percentage points as compared with the corresponding period of last year, mainly due to the higher gross profit of certain new products during the Period.

## 2. Total operating revenue by region

*Unit: RMB*

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

## (II) Analysis on Assets and Liabilities

### 1. Assets and liabilities

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

1. The decrease in cash and cash equivalents at the end of the Period was mainly due to the increase in procurement expenses for production and operation.
2. The increase in accounts receivable at the end of the Period was mainly due to the increase in sales.
3. The increase in inventories at the end of the Period was mainly due to the increase in production and operation reserves.
4. The increase in contract assets at the end of the Period was mainly due to the increase in completed but not settled projects assets during the Period.
5. The decrease in investment properties at the end of the Period was mainly due to the decrease in the leasing of buildings and structures for lease during the Reporting Period.
6. The increase in long-term equity investments at the end of the Period was mainly due to the increase of investment of RMB336 million in Deyang Guangda Dongqi New Material Co., Ltd. (德陽廣大東汽新材料有限公司).
7. The decrease in fixed assets at the end of the Period was mainly due to the disposal of certain buildings and structures and machinery and equipment resulted from the reform of enterprises with mixed ownership during the Period.
8. The increase in construction in progress at the end of the Period was mainly due to the increase of investments during the Period.
9. The decrease in right-of-use assets at the end of the Period was mainly due to the provision for impairment of right-of-use assets during the Period.
10. The increase in short-term borrowings at the end of the Period was mainly due to the increase in bank borrowings.
11. The decrease in contract liabilities at the end of the Period was mainly due to the settlement of contracts during the Period.
12. The decrease in long-term borrowings at the end of the Period was mainly due to the repayment of certain borrowings.
13. The increase in lease liabilities at the end of the Period was mainly due to the increase in the leasing of machinery and equipment.

## 2. *Gearing ratio*

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

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

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

## 3. *Bank borrowings*

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

## 4. *Cash and cash equivalents*

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

## 5. *Exchange risk management*

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

## *6. Pledge of assets*

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

## ***(III) Possible Risks***

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

Under the background of carbon peak emissions and carbon neutral, the traditional market space such as coal power will further shrink, the industry competition will become increasingly fierce, which puts forward higher requirements for the Company's market exploration and cost control. The Company will reduce the cost and increase the efficiency by various ways such as continuous optimization, technology advancement and service quality improvement, thereby achieving differentiated competition. The Company will also actively carry out market exploration work of emerging industries, so as to accelerate the transformation of the industrial structure of the Company.

### *2. Risks relating to supply chain*

Affected by the pandemic and the international situation, the ecology of the upstream and downstream supply chains were impacted to a certain degree, the project suppliers related to EPC and equipment supply suffered difficulties in the performance of obligations and delivery as scheduled under contracts, which may cause adverse impact on the Company's implementation of projects, difficulties in contract performance and deliveries on schedule. The Company will continue to enhance the management of suppliers, coordinate and supervise the production planning and scheduling of suppliers, to guarantee the implementation progress of the existing projects, and at the same time expand the development of suppliers, actively cultivate new qualified suppliers to meet the Company's expanding production needs.

### *3. Investment risks*

In the course of optimizing and updating the industrial layout, the Company will increase the degree of investment in such areas as new energy and environmental protection. However, the investment projects in related fields were seriously affected by policies and market environment, with many uncertain factors, thus there are risks for the investment projects failing to achieve the expected target. The Company will perform well in risk assessment of investment projects and evaluation of investment contracts, enhance the monitoring on the process of investment projects to ensure the smooth promotion of the project.

### *4. International business risks under the pandemic*

The impact of the COVID-19 pandemic is far-reaching, the economic globalization suffered from a countercurrent. The world has entered into a period of turbulent reform, the global economy is sluggish, and it is difficult to explore the overseas market. The Company will proactively study and analyze the international economic situation and the impact of the pandemic and opportunities, strengthen team building for international projects, enhance its expansion capability of overseas market, and centralize its resources for the development works of key areas and major projects.

## ***(IV) Material Events***

There are no events that have significant impacts on the Company and its subsidiaries since the end of the Reporting Period.

## ***(V) Prospect for the Second Half of 2021***

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

## IV. OTHER EVENTS

### 1. Capital Structure

As of 30 June 2021, the total share capital of the Company amounted to RMB3,119,626,130, divided into 2,779,626,130 A shares with a nominal value of RMB1.00 per share and 340,000,000 H shares with a nominal value of RMB1.00 per share. The capital structure of the Company is as follows:

Class of shares	As at 30 June 2021		As at 30 June 2020	
	Number of shares	% of total number of share capital issued	Number of shares	% of total number of share capital issued
A share	2,779,626,130	89.10%	2,778,792,130	89.10%
H share	340,000,000	10.90%	340,000,000	10.90%
Total	<u>3,119,626,130</u>	<u>100%</u>	<u>3,118,792,130</u>	<u>100%</u>

### 2. Purchase, Sales or Redemption of Listed Securities of the Company

During the Reporting Period, pursuant to the Resolution on Repurchase and Cancellation of Certain Restricted Shares approved at the Company's 2020 second extraordinary general meeting, the 2020 second A Shares class meeting and the 2020 second H Shares class meeting, a total of 138,000 restricted A shares were repurchased, and canceled, from 4 participants who can no longer participate the Incentive Scheme of the Company. Please refer to the announcement of the Company dated 2 February 2021 for details.

Save as the above matter, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

### 3. Major Acquisition and Disposal of Subsidiaries and Associates

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

#### **4. *Guarantee to external parties and performance thereof***

As of 30 June 2021, the Company provided financing guarantees for Inner Mongolia Energy Power Hongnijing Wind Power Co., Ltd., Inner Mongolia Mengneng Sanshengtai Wind Power Co., Ltd. and Inner Mongolia Mengneng Wulan New Energy Co., Ltd. with its 20% equity interests in 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 being repaid.

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

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

#### **5. *Material Litigation and Arbitration***

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

#### **6. *Employees and remuneration policy***

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

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

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

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

On 29 June 2021, the Company held the 2020 annual general meeting, the 2021 first A Shares class meeting and the 2021 first H Shares class meeting, at which, the Resolution on Repurchase and Cancellation of Certain Restricted Shares was considered and approved. Pursuant to the relevant provisions of Administrative Measures on the Share Option Incentive Scheme of Listed Companies (the “**Administrative Measures**”) and the Restricted A Share Incentive Scheme for 2019 (Amended Draft) (the “**Incentive Scheme (Amended Draft)**”) of the Company, as six Participants under the First Grant have resigned due to personal reasons and are no longer qualified as Participants; three Participants have breached relevant regulations and no longer qualified as Participants; one Participant has passed away and is no longer qualified as a Participant; one Participant has been included in the Employee Stock Ownership Scheme of the subsidiaries of the Group and therefore could no longer participate in the Incentive Scheme of the Company in accordance with the relevant provisions of the SASAC of the State Council; and one Participant under the Reserved Grant, has been transferred away from the Company due to organizational arrangements and is no longer qualified as a Participant. It has considered and decided to repurchase and cancel all the restricted shares totalling 475,000 A shares that have been granted to the aforesaid 12 Participants yet still locked up, the cancellation was completed on 20 August 2021.

## **8. Corporate Governance Code**

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

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

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

## **10. Audit Committee**

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

## **11. Information Disclosure**

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

This announcement is prepared in both Chinese and English by the Company. In case of any inconsistency between the Chinese version and the English version, the Chinese version shall prevail.

By Order of the Board  
**Dongfang Electric Corporation Limited**  
**Yu Peigen**  
*Chairman*

Chengdu, Sichuan, the PRC  
27 August 2021

As at the date of this announcement, the directors of the Company are as follows:

*Directors:* *Yu Peigen, Xu Peng and Zhang Yanjun*

*Independent non-executive Directors:* *Liu Dengqing, Huangfeng, and Ma Yongqiang*