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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)

**RESULTS ANNOUNCEMENT FOR THE YEAR 2023**

**FINANCIAL HIGHLIGHTS**

- Total operating revenue of the Company in 2023 amounted to RMB60,677 million (2022: RMB55,364 million), representing an increase of 9.60% YoY;
- Net profit attributable to the shareholders of the Company in 2023 amounted to RMB355 million (2022: RMB2,858 million), representing an increase of 24.23% YoY;
- Basic earnings per share of the Company in 2023 were RMB1.14 (2022: RMB0.92);
- New orders of the Company in 2023 were approximately RMB86,532 million (2022: RMB65,579 million), representing an increase of 31.95% YoY;
- The Board has proposed the payment of a 2023 cash dividend of RMB4.75 for every 10 shares (tax inclusive), subject to Shareholders' approval.

The board of directors (the “**Board**”) of Dongfang Electric Corporation Limited (the “**Company**”) announces the audited annual results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2023 (the “**Reporting Period**”) prepared in accordance with the China Accounting Standards for Business Enterprises.

## FINANCIAL INFORMATION

### Consolidated Balance Sheet

31 December 2023

Item	Notes	Unit: Yuan Currency: RMB	
		31 December 2023	31 December 2022
<b>Current Assets:</b>			
Cash and cash equivalents		17,129,250,869.93	15,046,864,722.66
Clearing provision		–	–
Funds for lending		–	30,000,000.00
Held-for-trading financial assets		867,176,939.12	1,031,815,888.77
Derivative financial assets		–	–
Notes receivable	2	1,152,624,005.12	1,260,464,701.22
Accounts receivable	2	10,714,105,864.95	10,095,931,789.15
Accounts receivable financing		1,997,629,532.50	1,553,557,305.66
Prepayments		7,919,037,467.33	5,485,755,129.92
Premiums receivable		–	–
Amounts receivable under reinsurance contracts		–	–
Reinsurer’s share of insurance contract reserves		–	–
Other receivables	3	412,067,046.11	508,408,307.14
Including: Interests receivable		–	44,123,162.89
Dividend receivable		19,354,034.21	24,482,648.69
Financial assets purchased under resale agreements		2,959,861,095.88	1,390,000,000.00
Inventories		18,136,582,872.93	18,455,505,214.06
Contract assets		12,419,968,866.48	10,686,328,637.66
Assets as held for sale		–	–
Non-current assets due within one year		530,902,406.26	931,706,413.91
Other current assets		1,450,120,565.18	947,764,278.78
<b>Total Current Assets</b>		<b>75,689,327,531.79</b>	<b>67,424,102,388.93</b>

<b>Item</b>	<i>Notes</i>	<b>31 December 2023</b>	31 December 2022
<b>Non-current Assets:</b>			
Loans and advances		<b>5,618,011,791.46</b>	4,548,783,922.30
Debt investments		<b>19,072,837,013.51</b>	25,380,129,406.70
Other debt investments		–	–
Long-term receivables		<b>201,486,860.12</b>	175,090,435.83
Long-term equity investments	10	<b>1,783,080,682.00</b>	2,398,321,350.77
Other investments in equity instruments		<b>495,874,463.26</b>	643,319,010.30
Other non-current financial assets		–	–
Investment properties		<b>146,049,853.94</b>	148,621,837.35
Fixed assets		<b>5,034,900,621.59</b>	4,876,316,350.33
Constructions in process		<b>789,077,246.34</b>	375,883,613.38
Productive biological assets		–	–
Oil and gas assets		–	–
Right-of-use assets		<b>345,268,409.32</b>	297,189,745.62
Intangible assets		<b>1,847,810,552.21</b>	1,761,826,282.17
Development expenditure		<b>4,682,571.60</b>	5,250,961.72
Goodwill		–	–
Long-term deferred expenses		<b>2,116,601.80</b>	2,184,738.06
Deferred tax assets		<b>3,227,909,778.01</b>	3,207,930,774.18
Other non-current assets		<b>6,849,939,364.67</b>	4,099,399,623.76
<b>Total Non-current Assets</b>		<b><u>45,419,045,809.83</u></b>	<b><u>47,920,248,052.47</u></b>
<b>TOTAL ASSETS</b>		<b><u>121,108,373,341.62</u></b>	<b><u>115,344,350,441.40</u></b>

Item	Notes	31 December 2023	31 December 2022
<b>Current Liabilities:</b>			
Short-term Loans		<b>110,165,544.44</b>	103,235,027.02
Loans from the central bank		–	–
Taking from banks and other financial institutions		–	–
Held-for-trading financial liabilities		–	–
Derivative financial liabilities		–	2,725,701.24
Notes payable	4	<b>13,892,247,700.54</b>	10,026,704,197.84
Accounts payable	4	<b>19,306,103,748.81</b>	17,353,950,237.27
Receipts in advance		–	–
Contract liabilities		<b>32,171,926,049.36</b>	32,191,912,772.36
Financial assets sold under repurchase agreements		–	–
Customer deposits and deposits from banks and other financial institutions		<b>592,069,004.07</b>	4,389,305,510.35
Funds from securities trading agency		–	–
Funds from underwriting securities agency		–	–
Employee benefits payable		<b>864,060,140.44</b>	842,351,285.36
Taxes payable		<b>439,788,690.24</b>	331,024,291.65
Other payables		<b>1,488,320,214.72</b>	1,267,004,545.61
Including: Interests payable		–	7,526,176.87
Dividend payable		<b>4,056,055.47</b>	4,023,929.75
Fees and commissions payable		–	–
Amounts payable under insurance contracts		–	–
Liabilities as held for sale		–	–
Non-current liabilities due within one year		<b>316,029,312.52</b>	626,010,598.59
Other current liabilities		<b>2,068,383,806.37</b>	294,431,940.09
<b>Total Current Liabilities</b>		<b><u>71,249,094,211.51</u></b>	<b><u>67,428,656,107.38</u></b>

Item	31 December 2023	31 December 2022
<b>Non-current Liabilities:</b>		
Insurance contract reserves		
Long-term borrowings	1,383,426,409.20	951,113,407.87
Bonds payable	-	-
Including: Preferred stock	-	-
Perpetual capital securities	-	-
Lease liabilities	229,988,566.36	184,843,215.08
Long-term payables	240,000.00	240,000.00
Long-term accrued payroll	1,053,539,276.41	1,047,826,935.57
Estimated liabilities	5,426,724,118.48	6,633,580,833.59
Deferred income	365,329,892.74	338,173,895.13
Deferred tax liabilities	180,156,104.32	124,341,319.06
Other non-current liabilities	-	-
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<b>Total Non-current Liabilities</b>	<b>8,639,404,367.51</b>	<b>9,280,119,606.30</b>
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<b>TOTAL LIABILITIES</b>	<b>79,888,498,579.02</b>	<b>76,708,775,713.68</b>
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<b>Item</b>	<i>Notes</i>	<b>31 December 2023</b>	31 December 2022
<b>Owners' Equity (or Shareholders' Equity):</b>			
Paid-up capital (or share capital)		<b>3,118,533,797.00</b>	3,118,807,797.00
Other equity instruments		–	–
Including: Preferred stock		–	–
Perpetual capital securities		–	–
Capital reserves		<b>11,566,006,626.86</b>	11,650,956,621.11
Less: Treasury shares		<b>111,093,911.81</b>	112,550,221.81
Other comprehensive income		<b>-129,954,183.72</b>	262,952.31
Special reserves		<b>126,393,962.48</b>	129,425,897.03
Surplus reserves		<b>1,337,132,818.92</b>	1,201,503,540.86
General risk reserves		–	–
Retained profits	5	<b>21,337,876,676.79</b>	19,003,660,394.74
<b>Total owners' equity (or shareholders' equity) attributable to equity holders of the parent company</b>		<b><u>37,244,895,786.52</u></b>	<b><u>34,992,066,981.24</u></b>
<b>Non-controlling shareholders' equity</b>		<b><u>3,974,978,976.08</u></b>	<b><u>3,643,507,746.48</u></b>
<b>Total owners' equity (or shareholders' equity)</b>		<b><u>41,219,874,762.60</u></b>	<b><u>38,635,574,727.72</u></b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY (OR SHAREHOLDERS' EQUITY)</b>		<b><u>121,108,373,341.62</u></b>	<b><u>115,344,350,441.40</u></b>

## Consolidated Income Statement

January to December 2023

Unit: Yuan Currency: RMB

Item	Notes	2023	2022
<b>I. Total revenue</b>		<b>60,676,613,395.82</b>	55,363,782,450.06
Including: Operating income	6	<b>59,566,526,583.78</b>	54,189,702,709.81
Interest income	6	<b>1,108,245,427.30</b>	1,171,721,197.95
Premium earned		–	–
Fee and commission income	6	<b>1,841,384.74</b>	2,358,542.30
<b>II. Total operating costs (loss is indicated by “-”)</b>		<b>57,338,357,281.19</b>	52,460,982,346.25
Including: Operating costs	6	<b>49,253,168,132.67</b>	45,253,060,298.58
Interest expenses		<b>31,964,932.11</b>	102,851,963.82
Fee and commission expenses		<b>1,365,320.87</b>	1,431,949.73
Surrenders		–	–
Net amount of compensation payout		–	–
Net provision for insurance contract reserve		–	–
Insurance policyholder dividends		–	–
Expenses for reinsurance accepted		–	–
Tax and levies		<b>303,469,491.19</b>	325,836,800.68
Sales expenses		<b>1,587,506,821.55</b>	1,483,454,424.40
Administrative expenses		<b>3,403,903,282.05</b>	3,117,049,745.75
R&D expenditure		<b>2,749,527,295.10</b>	2,275,131,662.82
Financial expenses		<b>7,452,005.65</b>	-97,834,499.53
Including: Interest expenses		<b>64,439,100.49</b>	79,420,015.61
Interest income		<b>120,750,779.59</b>	42,459,728.78

Item	Notes	2023	2022
Add: Other gains		438,795,618.71	151,450,295.09
Investment income		748,149,784.92	480,560,078.52
Including: Income from investments in associates and joint ventures		320,691,180.02	301,765,196.11
Income from derecognition of financial assets measured at amortized cost		-	-
Foreign exchange gains		28,240,727.60	3,072,500.69
Gains from net exposure hedges		-	-
Gains from changes in fair values		85,064,728.63	-61,542,570.68
Credit impairment loss		-175,675,005.47	277,262,588.13
Impairment loss of assets		-495,915,825.36	-480,537,906.26
Gains from disposal of assets		9,767,653.91	50,192,696.72
<b>III. Operating profit (loss is indicated by “-”)</b>		<b>3,976,683,797.57</b>	3,323,257,786.02
Add: Non-operating income		71,405,646.69	56,535,658.02
Less: Non-operating expenses		41,925,277.28	52,433,768.20
<b>IV. Total profit (total loss is indicated by “-”)</b>		<b>4,006,164,166.98</b>	3,327,359,675.84
Less: Income tax expenses	7	362,454,836.22	313,620,616.00
<b>V. Net profit (net loss is indicated by “-”)</b>		<b>3,643,709,330.76</b>	3,013,739,059.84
(I) Classified by continuing operations			
1. Net profit from continuing operations		3,643,709,330.76	3,013,739,059.84
2. Net profit from discontinued operations		-	-
(II) Classified by ownership			
1. Net profit attributable to shareholders of parent company		3,550,393,576.32	2,857,898,505.21
2. Profit or loss attributable to non-controlling Shareholders		93,315,754.44	155,840,554.63

Item	Notes	2023	2022
<b>VI. Other comprehensive income (“OCI”) (net of tax)</b>		<b>-139,214,402.37</b>	79,233,039.82
(I) Net OCI attributable to owners of the parent company		<b>-130,217,136.03</b>	69,218,549.27
1. OCI that will not be reclassified to profit and loss		<b>-118,249,416.77</b>	24,219,958.28
(1) Changes arising from re-measurement of defined benefit plans		-	-
(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		<b>-118,249,416.77</b>	24,219,958.28
(4) Changes in fair value of the Company’s own credit risks		-	-
2. OCI that will be reclassified to profit and loss		<b>-11,967,719.26</b>	44,998,590.99
(1) OCI by equity method that will be reclassified to profit and loss		<b>365,374.29</b>	79,928.69
(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		<b>-1,333,531.32</b>	-1,426,925.76
(5) Reserve on cash flow hedges derivatives		-	-
(6) Exchange differences from translation of financial statements		<b>-10,999,562.23</b>	46,392,026.06
(7) Others		-	-46,438.00
(II) OCI attributable to non-controlling interest (net of tax)		<b>-8,997,266.34</b>	10,014,490.55

Item	Notes	2023	2022
<b>VII. Consolidated income</b>		<b>3,504,494,928.39</b>	3,092,972,099.66
(I) Consolidated income attributable to owners of parent company		<b>3,420,176,440.29</b>	2,927,117,054.48
(II) Consolidated income attributable to non-controlling Shareholders		<b>84,318,488.10</b>	165,855,045.18
<b>VIII. Earnings per share:</b>			
(i) Basic earnings per share ( <i>RMB/share</i> )	8	<b>1.14</b>	0.92
(ii) Diluted earnings per share ( <i>RMB/share</i> )		<b>1.14</b>	0.92

## NOTES TO THE FINANCIAL INFORMATION

For the year ended 31 December 2023

### 1 BASIS OF PREPARATION OF FINANCIAL STATEMENT

#### (1) Basis of Preparation

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 2023) 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) Going Concern

The Company has evaluated continuing operation ability within 12 months from the end of the Reporting Period and does not have any event or circumstance that arises material concerns about assumptions on continuing operation ability. Therefore, the financial statements are prepared on the assumption of going concern principle.

## 2 NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

*Unit: Yuan Currency: RMB*

<b>Item</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Notes receivable	<b>1,152,624,005.12</b>	1,260,464,701.22
Accounts receivable	<b>14,941,352,624.36</b>	14,774,319,273.90
Less: Provision for bad debts	<b><u>4,227,246,759.41</u></b>	<u>4,678,387,484.75</u>
Net accounts receivable ( <i>note 2a</i> )	<b><u>10,714,105,864.95</u></b>	<u>10,095,931,789.15</u>
Net notes and accounts receivable	<b><u><u>11,866,729,870.07</u></u></b>	<b><u><u>11,356,396,490.37</u></u></b>

### (2a) Ageing analysis of accounts receivable

*Unit: Yuan Currency: RMB*

<b>Ageing</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Within 1 year	<b>7,589,131,840.54</b>	7,189,847,218.56
1–2 years	<b>2,748,735,765.12</b>	2,504,840,735.35
2–3 years	<b>1,291,984,555.61</b>	1,208,150,000.58
3–4 years	<b>811,849,095.90</b>	762,150,071.93
4–5 years	<b>430,473,801.26</b>	404,728,806.77
Over 5 years	<b><u>2,069,177,565.93</u></b>	<u>2,704,602,440.71</u>
<b>Subtotal</b>	<b><u>14,941,352,624.36</u></b>	<u>14,774,319,273.90</u>
Less: Provision for bad debts	<b><u>4,227,246,759.41</u></b>	<u>4,678,387,484.75</u>
<b>Total</b>	<b><u><u>10,714,105,864.95</u></u></b>	<b><u><u>10,095,931,789.15</u></u></b>

*Note:* Ageing analysis of accounts receivable was carried out by the Group based on the time shown on relevant invoices, documents of settlement, etc.

### 3 OTHER RECEIVABLES

*Unit: Yuan Currency: RMB*

<b>Item</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Interest receivable	–	44,123,162.89
Dividends receivable	<b>19,354,034.21</b>	24,482,648.69
Other receivables	<b>694,758,911.46</b>	739,029,175.46
Less: Provision for bad debts	<b>302,045,899.56</b>	299,226,679.90
Other net receivables ( <i>note 3a</i> )	<b>392,713,011.90</b>	439,802,495.56
<b>Total</b>	<b>412,067,046.11</b>	<b>508,408,307.14</b>

#### (3a) Ageing analysis of other receivables

*Unit: Yuan Currency: RMB*

<b>Ageing</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Within 1 year	<b>274,585,074.58</b>	395,346,766.42
1–2 years	<b>96,899,124.18</b>	70,726,322.83
2–3 years	<b>61,121,662.65</b>	7,838,073.32
3–4 years	<b>5,179,818.15</b>	20,618,544.05
4–5 years	<b>14,919,960.97</b>	5,128,437.80
Over 5 years	<b>242,053,270.93</b>	239,371,031.04
<b>Subtotal</b>	<b>694,758,911.46</b>	739,029,175.46
Less: Provision for bad debts	<b>302,045,899.56</b>	299,226,679.90
<b>Total</b>	<b>392,713,011.90</b>	<b>439,802,495.56</b>

#### 4 NOTES AND ACCOUNTS PAYABLE

*Unit: Yuan Currency: RMB*

<b>Item</b>	<b>31 December 2023</b>	31 December 2022
Notes payable	<b>13,892,247,700.54</b>	10,026,704,197.84
Accounts payable	<b><u>19,306,103,748.81</u></b>	<u>17,353,950,237.27</u>
<b>Total</b>	<b><u><u>33,198,351,449.35</u></u></b>	<u><u>27,380,654,435.11</u></u>
<b>Ageing analysis of accounts payable</b>	<b>31 December 2023</b>	31 December 2022
Within one year (inclusive)	<b>16,063,262,831.18</b>	14,589,026,881.92
1–2 years (inclusive)	<b>1,601,235,241.60</b>	1,211,799,005.78
2–3 years (inclusive)	<b>697,079,766.93</b>	518,486,513.10
Over 3 years	<b><u>944,525,909.10</u></b>	<u>1,034,637,836.47</u>
<b>Total</b>	<b><u><u>19,306,103,748.81</u></u></b>	<u><u>17,353,950,237.27</u></u>

*Note:* The Ageing analysis is carried out by the Group based on the date of relevant invoice, settlement notes and other materials used to confirm the accounts payable.

## 5 RETAINED PROFITS

Unit: Yuan Currency: RMB

Item	Current year	Last year
Balance before adjustment at the end of preceding period	<b>19,003,660,394.74</b>	16,976,316,664.38
Total opening balance adjusted (Increase+, Decrease-)	–	2,265,482.26
Opening balance after adjustment	<b>19,003,660,394.74</b>	16,978,582,146.64
Add: Net profit attributable to owners of the parent company	<b>3,550,393,576.32</b>	2,857,898,505.21
Effects of other adjustments	–	–
Less:		
Appropriation of statutory surplus reserve	<b>135,629,278.06</b>	114,571,656.23
Appropriation of discretionary surplus reserve	–	–
Appropriation of reserve fund	–	–
Appropriation of enterprise development fund	–	–
Return on investment	–	–
Appropriation of employee bonus funds	–	–
Appropriation of general risk reserve	–	–
Dividend payable on ordinary shares	<b>1,080,548,016.21</b>	718,248,600.88
Dividend on ordinary share converted to share capital	–	–
Preferred share dividend	–	–
Other distributions to shareholders	–	–
Return on investment	–	–
Other profit distribution	–	–
Increase: Surplus reserves offsetting against losses	–	–
Change in defined benefit plan carried over to retained earnings	–	–
Other comprehensive income carried over to retained earnings	–	–
Other internal transfer of owners' equity	–	–
Other	–	–
Closing balance	<b><u>21,337,876,676.79</u></b>	<b><u>19,003,660,394.74</u></b>

## 6 INCOME AND COST

*Unit: Yuan Currency: RMB*

Item	Amount for current year		Amount for last year	
	Income	Cost/interest expenses/fee and commission expenses	Income	Cost/interest expenses/fee and commission expenses
1. Principal operation	59,194,976,198.96	49,081,331,723.89	53,668,402,765.74	45,096,012,457.89
2. Other operations	371,550,384.82	171,836,408.78	521,299,944.07	157,047,840.69
3. Interest income	1,108,245,427.30	31,964,932.11	1,171,721,197.95	102,851,963.82
4. Fee and commission income	1,841,384.74	1,365,320.87	2,358,542.30	1,431,949.73
<b>Total</b>	<b>60,676,613,395.82</b>	<b>49,286,498,385.65</b>	<b>55,363,782,450.06</b>	<b>45,357,344,212.13</b>

## 7 INCOME TAX EXPENSE

*Unit: Yuan Currency: RMB*

Item	Amount for current year	Amount for last year
Income tax expense for current period	305,484,533.07	307,824,096.68
Including: China	291,829,071.60	293,434,162.67
India	5,052,734.36	9,043,003.89
Other regions	8,602,727.11	5,346,930.12
Deferred income tax expense	56,970,303.15	5,796,519.32
<b>Total</b>	<b>362,454,836.22</b>	<b>313,620,616.00</b>

## 8 EARNINGS PER SHARE

Basic earnings per share are computed by dividing the combined net profit attributable to Parent Company's shareholders of ordinary shares by the weighted average number of the Company's outstanding ordinary shares:

The detailed calculation information on basic earnings per share is as follows:

<i>Unit: Yuan Currency: RMB</i>		
Item	Current year	Last year
Combined net profit attributable to parent company's shareholders of ordinary shares	3,550,393,576.32	2,857,898,505.21
Weighted average number of outstanding ordinary shares of the Company <sup>note1</sup>	3,118,602,297.00	3,118,958,074.58
Basic earnings per share <sup>note2</sup> (RMB/share)	1.14	0.92
Including: Basic earnings per share from continuing operations (RMB/share)	<u>1.14</u>	<u>0.92</u>

Notes:

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

= Share capital at the beginning of the year + newly issued shares in the current period\* months counted from the next month following share increase to the end of the Reporting Period/the number of months during the Reporting Period

= 3,118,602,297.00

(2) Basic earnings per share

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

=RMB3,550,393,576.32/3,118,602,297.00 shares = 1.14 (RMB/Share)

(3) The Company repurchased and cancelled 274,000 restricted A shares during the current period, which had no effect on the calculation of basic earnings per share, nor did it have dilution effect on earnings per share.

## 9 SEGMENT REPORTING

The Company will determine operation segment on the basis of the internal organizational structure, management requirements and internal report system, and determine reporting segment on the basis of operation segment, and disclose such segment information.

An operating segment is a component of the Company that meets the following conditions simultaneously:

- (1) the component is able to generate revenues and incur expenses from its ordinary activities;
- (2) its operating results are regularly evaluated by the Company's management to make decisions about resources to be allocated to the segment and to assess its performance;
- (3) the accounting information on financial position, operating results and cash flows of the component is available to the Company;
- (4) the segment revenue of such operation segment represents 10% or more of the aggregate revenue of all segments; and
- (5) the absolute amount of segment profit (loss) of such segment represents 10% or more of the absolute amount of the aggregate profit of all profit-making segments or the absolute amount of the aggregate loss of all loss-making segments. Whichever is greater.

Two or more operating segments may be aggregated into a single operating segment if they have similar economic characteristics and meet specified conditions.

## Segment information of 2023

Unit: Yuan Currency: RMB

Item	Renewable energy equipment	High-efficient clean energy equipment	Engineering and trade	Modern manufacturing services business	Emerging growth business	Summary	Write-off	Total
Operating income	16,185,453,942.66	34,609,941,744.70	13,344,169,166.24	6,318,071,938.37	12,672,686,157.75	83,130,322,949.72	22,453,709,553.90	60,676,613,395.82
Including: External transaction income	13,837,886,523.69	20,589,292,229.74	12,022,435,152.94	5,383,541,292.78	8,843,458,196.67	60,676,613,395.82		60,676,613,395.82
Inter-segment transaction income	2,347,567,418.97	14,020,649,514.96	1,321,734,013.30	934,530,645.59	3,829,227,961.08	22,453,709,553.90		22,453,709,553.90
Operating cost	14,556,704,023.92	30,922,537,027.05	11,807,182,722.38	3,984,217,993.58	10,909,707,747.27	72,180,349,514.80	22,893,851,129.15	49,286,498,385.65
Cost written off	2,357,794,443.16	14,723,913,300.04	1,286,237,854.72	1,288,025,729.50	3,237,879,801.73	22,893,851,129.15		22,893,851,129.15
Expenses for the period						7,425,360,301.34	-250,652,433.25	7,676,012,734.59
Operating profit (loss)	1,638,976,942.93	4,390,668,502.13	1,501,490,285.28	2,687,349,028.70	1,171,630,251.13	11,390,115,010.17	7,413,431,212.60	3,976,683,797.57
Total assets						203,941,635,952.07	82,833,262,610.45	121,108,373,341.62
Including: Amount of substantial impairment loss on a single asset								
Total liabilities						141,421,836,955.59	61,533,338,376.57	79,888,498,579.02
Supplemental information								
Capital expenditure								
Recognized impairment loss of the current period						-882,968,151.18	-139,000,650.59	-743,967,500.59
Including: Impairment of goodwill								
Amortization of depreciation and amortization expenses						917,768,856.98		917,768,856.98
Non-cash expenses other than impairment loss, depreciation and amortization								

## Segment information of 2022

Unit: Yuan Currency: RMB

Item	Renewable energy equipment	High-efficient clean energy equipment	Engineering and trade	Modern manufacturing services business	Emerging growth business	Summary	Write-off	Total
Operating income	17,626,977,403.86	26,700,616,136.74	11,800,786,634.10	4,919,984,144.00	13,807,420,352.72	74,855,784,671.42	19,492,002,221.36	55,363,782,450.06
Including: External transaction income	14,913,928,738.85	14,684,569,729.76	10,539,987,531.09	4,239,940,456.53	10,985,355,993.83	55,363,782,450.06		55,363,782,450.06
Inter-segment transaction income	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	45,357,344,212.13
Operating cost	15,582,922,414.81	23,866,460,777.94	10,788,242,026.94	3,226,049,802.93	11,835,499,167.51	65,299,174,190.13	19,941,829,978.00	
Cost written off	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	
Expenses for the period						6,246,779,004.65	-531,022,328.79	6,777,801,333.44
Operating profit (loss)	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	10,006,303,607.89	6,683,045,821.87	3,323,257,786.02
Total assets						200,701,151,626.83	85,356,801,185.43	115,344,350,441.40
Including: Amount of substantial impairment loss on a single asset								
Total liabilities						140,713,942,348.90	64,005,166,635.22	76,708,775,713.68
Supplemental information								
Capital expenditure								
Recognized impairment loss of the current period						-327,295,069.01	-124,019,750.88	-203,275,318.13
Including: Impairment of goodwill								
Amortization of depreciation and amortization expenses						886,164,391.56		886,164,391.56
Non-cash expenses other than impairment loss, depreciation and amortization								

## 10 LONG-TERM EQUITY INVESTMENTS

### i. Investment in Joint Ventures and Associated Companies

Unit: Yuan Currency: RMB

Invested companies	Balance at the end of the previous year	Balance at the end of the previous year of provision for impairment	Increase/decrease in the Period						Closing balance	Closing balance of provision for impairment				
			Follow-on investment	Reduced investment	Recognized investment loss/gain by equity method	Adjustment to other comprehensive income	Changes in other equity	Amouncement of cash dividends or profit			Provision for impairment	Others		
<b>I. Joint ventures</b>														
MHPS Dongfang Boiler Co., Ltd	209,546,035.58				13,716,140.34				4,105,912.80				219,156,263.12	
Dongfang Electric (Xichang) Hydrogen Energy Co., Ltd.	5,660,939.78				-702,295.87									
Dongfang Framatome Nuclear Pump Co., Ltd.	221,402,684.11				19,435,439.40				99,937,552.98				140,900,570.53	
Sub-total	436,609,659.47				32,449,283.87				104,043,465.78				360,056,833.65	
<b>II. Associated companies</b>														
Liangshan Fenggang New Energy Operation and Maintenance Co., Ltd.	2,082,170.55				18,104.30									2,100,274.85
Mitsubishi Heavy Industries Dongfang Gas Turbine Co., Ltd.	500,833,664.26				170,169,895.94									670,399,691.72
Sichuan Dongshu New Material Co., Ltd.	188,996,650.01				-13,794,150.73				400,195.57					175,043,717.61
Deyang Guangda Dongqi New Material Co., Ltd.	326,746,739.31				-3,063,244.54									273,683,017.71
Dongfang Zhongheng (Chengdu) New Energy Technology Co., Ltd.	4,998,911.21				-2,208.05									4,996,703.16
Leshan City Dongle Heavy Piece Handling Co., Ltd.	4,595,225.57				-82,840.69									4,512,384.88
Hunan Pingan Environmental Protection Co., Ltd.	32,229,998.88				2,361,406.29									34,591,405.17
Sichuan Dongfang Development Clean Energy Co., Ltd.	-				10,000,000.00									10,000,000.00
Sichuan Wind Power Industry Investment Co., Ltd.	664,696,248.20				123,470,363.69									87,360,992.51
Huadian Longkou Wind Power Co., Ltd.	77,012,591.39				10,348,401.12									131,425,776.76
CLP Combined Heavy Gas Turbine Technology Co., Ltd.	131,416,807.19				8,969.57									23,802,516.64
Inner Mongolia Energy Power Hongjijing Wind Power Co., Ltd.	21,431,362.84				2,371,153.80									13,725,971.47
Inner Mongolia Mengeng Sanshengzai Wind Power Co., Ltd.	13,725,971.47													13,725,971.47
Mongolia Mengeng Wulan New Energy Co., Ltd.	33,791,321.89				-3,563,954.55									30,227,367.34
Sub-total	2,002,557,662.77				289,241,896.15				400,195.57					1,463,869,819.82
Total	2,439,167,322.24				320,691,180.02				400,195.57					1,823,926,653.47

## 11 DIVIDENDS

Based on 3,117,499,457 shares in the total share capital of the Company when the Board meeting is held on 28 March 2024, the Board has proposed the payment of a dividend for the year 2023 of RMB4.75 for every 10 shares (tax inclusive) totalling a cash distribution of RMB1,480,812,242.08 (before tax) (2022: cash dividend of RMB3.35 for every 10 shares (tax inclusive)), subject to shareholders' approval at the annual general meeting for 2023. If approved, the 2023 final dividend is expected to be distributed to the Shareholders on 26 July 2024.

## MANAGEMENT DISCUSSION AND ANALYSIS

### I. Discussion and Analysis of Operations

In 2023, the Company emphasized innovation, improved quality and efficiency, promoted transformation, and continuously drove the implementation of the “leading strategy”, which further consolidated and strengthened the momentum of high-quality development. In 2023, the Company recorded a total operating income of RMB60,677 million, representing an increase of 9.60% as compared with last year; net profit attributable to shareholders of the parent company amounted to RMB3,550 million, representing a year-on-year increase of 24.23%; and weighted average return on net assets was 9.82%, representing an increase of 1.39 percentage points as compared with the corresponding period last year.

#### *(I) Taking a Leap Forward in Industrial Development*

In 2023, the Company realised new effective orders amounting to RMB86,532 million, representing a year-on-year growth of 31.95%. In particular, high-efficient clean energy equipment accounted for 39.44%, renewable energy equipment accounted for 23.25%, engineering and trade accounted for 13.48%, modern manufacturing services accounted for 10.64%, and emerging growth business accounted for 13.18%. The momentum of major products and business development continued to be positive. Coal power holds a leading market share, and the completed furnace generator electricity projects has increased by over 100% year on year. New hydropower models gain market recognition, with impulse turbine units, hybrid pumped storage, and variable speed pumped storage achieving market breakthroughs. Gas power maintains the highest percentage of market share, and the first independently-developed and domestically-produced G50 combustion turbine demonstration project has been successfully put into operation. In terms of nuclear power equipment, development projects of new reactor prototypes such as lead-bismuth reactors and cryogenic reactors are obtained. The annual installation ranking of the wind power industry has risen. Solar power continues to grow, securing orders for photovoltaic power projects, multi-energy coupled molten salt storage tanks and evaporator

systems. Waste heat and pressure turbine are technologically advanced and continue to maintain a dominant position in the market. In terms of emerging industries, we secured completed project for electrically driven compressor units for natural gas pipelines was secured, won the bid for 70 hydrogen energy logistics vehicle demonstration projects, the largest domestic project of green electricity hydrogen production, storage, and power generation for commercial use. We actively strive for wind and solar resource targets, and promote business innovation.

## ***(II) Fruitful Achievements in Technological Innovation and Digital Transformation***

Focusing on “technological leadership,” we continuously strengthened our innovation drive, ranking at the forefront of scientific and technological innovation. We persistently enhanced our investment in research and development, with annual research and development expenditure increasing by 9.08% year on year, maintaining an intensity of over 5.5%. Major scientific and technological achievements have emerged continuously, with the launch of China’s first F-class 50MW heavy-duty combustion turbine; the initiation of deliveries for the single-shaft megawatt thermal power unit boiler with the highest pressure, temperature, efficiency, and the lowest coal consumption in China; grid-connected power generation of China’s first 150 MW impact hydro turbine unit with the largest single-machine capacity; the completion of the world’s largest chemical looping combustion pilot demonstration facility; the launch of an 18MW direct-drive offshore wind turbine; the shipment of the world’s first onshore commercial modular small reactor’s key equipment; and the first grid-connected generation of solid-state hydrogen in the Mainland by an electric-hydrogen intelligent energy station. We solidly promoted digital transformation, constructing 7 new digital workshops. Dongfang Electrical and Dongfang Turbine have been recognized as model factories for intelligent manufacturing by the Ministry of Industry and Information Technology. The “Dongzhi Tongchuang” industrial internet platform has been selected as a national “cross-industry and cross-profession” platform.

### ***(III) Stable Improvement of Operation Management Level***

Implementing benchmarking against world-class enterprises and value creation actions, we emphasize enhancing operational efficiency and advancing management optimization. We have completed the foundational construction of a world-class financial management system, established an innovative financial management capability evaluation system. Centered on “cost leadership”, we have issued the corporate cost management measures, improved cost management institutions at all levels, and comprehensively implemented cost management across the value chain with unique characteristics of Dongfang Electric. Focused on “quality leadership”, we have promoted the “boutique” quality control model of Baihetan, with a 9.2% year-on-year decrease in quality loss. Through the implementation of performance index evaluation of contract compliance, enhancement of core production capacity, and ensuring productive resources, we have driven contract fulfillment to continuously meet customer requirements. We have solidly carried out special investigation and remediation work on major accident hazards, established a management inspection mechanism, ensuring stable control of safety and environmental protection indicators throughout the year.

#### ***(IV) Good start to the Reform Deepening and Enhancement Action***

Building on the successful conclusion of the three-year reform initiative, we solidly plan and implement reform deepening and enhancement action. Focusing on enhancing the Company's core competitiveness and strengthening core functions, with an orientation towards leveraging technological innovation, industry control, and safety support, and taking the stimulation of the vitality of the system and mechanism, we have developed an action plan and task list for the Company's reform deepening and enhancement action. We have effectively implemented key reform measures and strengthened the organizational leadership of reforms to provide institutional safeguards for reform deepening and enhancement action. We have made breakthroughs and established a strong position in advancing three major system reforms, with the index of reform efficiency and benefits reaching the best levels in history. We dynamically optimized the Regulations on the Decision-making of "Three Importance and One Significance" and Key Matters, promoting the standardized and effective operation of the board of directors of subsidiaries.

#### ***(V) Solid and strong Compliance Building and Risk Prevention and Control***

We further solidified the "four-in-one" legal system construction work system, revised and improved the rules and regulations in the field of legal construction, implementing special actions to build a compliance culture, with secondary enterprises achieving full coverage by chief compliance officers. We comprehensively investigated risks of EPC and other business and formulated control measures. We forcefully handled major legal disputes and effectively avoided or recouped losses. We strengthened risk control and compliance supervision, conducting special supervision for risk management of key projects. We promoted the special work for the construction of a foreign-related legal talent pool. Audit supervision established a "one report, four lists" rectification work mechanism, reviewed issues identified in audits and special rectifications since 2020, and comprehensively standardized the rectification work; organized and carried out various auditing and supervisory work, delving into existing key issues, and promoting rectification.

## ***(VI) Strengthening of Talent Team Building***

Centered on the principle of “talent leadership”, we continued to build up our talent team. We have optimized the reform of talent development systems and mechanisms, focused on key areas, dynamically refined the blueprint for attracting and cultivating high-level talents, advanced the construction of talent special zones, and strived to establish a leading work path for talent development. We have introduced 125 high-level talents, one of whom has won the first “National Engineer Award” and two of whom are selected for the National Major Talent Program, one of whom has been selected as a national leading talent in scientific and technological innovation and another has been selected as an “Annual Character of Big Country Craftsman”, and cultivated 145 new expert talents above the company level. We optimized the talent incentive mechanism by implementing separate remuneration targeted incentives, focusing on technological innovation, new industries, and high-level talents, adding 9 mid-and-long term incentives, with the proportion of individuals covered by mid-and-long term incentives continuously increasing.

## ***(VII) Conducting Operation of Listed Companies with Value Creation as the Core***

The Company adhered to the improvement of the modern enterprise system with Chinese characteristics, conducted its operations in strict adherence to legal norms. It has been awarded “2023 Best Practice Cases of the Board of Directors of Listed Companies” and “2023 Best Practice Cases for Corporate Governance” by China Association for Public Companies. The Company is committed to elevating the quality of its information disclosure, and won the “A” rating of information disclosure by the SSE for nine consecutive years; facilitated unimpeded investor communication channels, with the Chairman and secretary to the Board of Directors actively participating in regular performance briefings and collective investor exchange events, etc.; continued to improve ESG working mechanism. It has been successfully selected for the “China ESG Listed Companies Pioneer 100” and the “China ESG Listed Companies Technology Innovation Pioneer 30”. To cope with the market fluctuations at the end of 2023, Dongfang Electric Corporation, the controlling shareholder of the Company, launched a timely market-based plan for shareholding increase to increase its shareholding of the Company’s shares step by step to maintain the stability of the Company’s market value.

## II. Principal Business During the Reporting Period

During the Reporting Period, the Company recorded a total operating revenue of RMB60,677 million, representing an increase of 9.60% as compared with the same period of last year; net profit attributable to the shareholders of the Company of RMB3,550 million, representing an increase of 24.23% as compared with the corresponding period last year; net profit attributable to the shareholders of the Company after non-recurring profit or loss amounted to RMB2,576 million, representing an increase of 8.01% YoY; achieved earnings per share of RMB1.14.

### (I) Analysis of Principal Business

#### 1. Analysis of Changes in Certain Items in the Financial Statements

*Unit: Yuan Currency: RMB*

Item	Amount in the year	Amount in the prior year	Change (%)
Operating revenue	60,676,613,395.82	55,363,782,450.06	9.60
Operating costs	49,253,168,132.67	45,253,060,298.58	8.84
Administration expenses	3,403,903,282.05	3,117,049,745.75	9.20
Finance costs	7,452,005.65	-97,834,499.53	N/A
R&D expenditure	2,749,527,295.10	2,275,131,662.82	20.85
Other income	438,795,618.71	151,450,295.09	189.73
Investment income	748,149,784.92	480,560,078.52	55.68
Gains from changes in fair value	85,064,728.63	-61,542,570.68	N/A
Gains from disposal of assets	9,767,653.91	50,192,696.72	-80.54
Loss from credit impairment	-175,675,005.47	277,262,588.13	-163.36
Net cash flow from operating activities	-3,495,876,222.59	8,408,573,623.86	-141.58
Net cash flow from operating activities after deducting the cash flow from financial business activities of DEC Finance	2,494,962,710.69	5,553,294,548.97	-55.07
Net cash flow from investment activities	6,054,992,356.37	-13,186,238,590.76	N/A
Net cash flow from financing activities	-497,100,687.67	-117,935,819.04	N/A

- (1) Reasons for change in operating revenue: The operating revenue for the year increased by 9.60% year on year, mainly due to the increase in the revenue of high-efficient clean energy and the modern manufacturing services segment.
- (2) Reasons for change in operating costs: The operating costs for the year increased by 8.84% year on year, mainly due to the corresponding increase as a result of the increase in sales volume.

- (3) Reasons for change in administration expenses: The administrative expenses for the year increased by 9.20% year on year, mainly due to the year-on-year increase in employee remuneration, repair expenses and business travel expenses for the year.
- (4) Reasons for change in finance costs: The net exchange gains for the year increased by RMB80 million year on year.
- (5) Reasons for change in R&D expenditure: The R&D expenditure for the year increased by 20.85% year on year, mainly due to the increased investment in research and development for the year.
- (6) Reasons for change in other income: The other income for the year increased by 189.73% year on year, mainly due to the favorable additional input VAT credit policy for the advanced manufacturing business during the year.
- (7) Reasons for change in investment income: The investment income for the year increased by 55.68% year on year, mainly due to the increase in investment income from the disposal of equities in Sichuan Energy Investment Development Co., Ltd. during the year.
- (8) Reasons for change in gains from changes in fair value: The changes in fair values increased for the year due to floating gains of stocks and funds during the year.
- (9) Reasons for change in gains from disposal of assets: The gains from disposal of assets for the year decreased by 80.54% year on year, mainly due to the gains on disposal by the subsidiary Dongfang Turbine Co., Ltd. of the state-owned land for construction in the same period of last year. There was no such event during the year.
- (10) Reasons for change in loss from credit impairment: The loss from credit impairment for the year increased by 163.36% year on year, mainly due to year-on-year growth of the loss from the impairment of credit assets during the year.
- (11) Reasons for change in net cash flow from operating activities: The net cash flow from operating activities included the cash flow generated from the financial business of DEC Finance, and the net cash flow from operating activities after deducting the cash flow from financial business activities of DEC Finance for the year was RMB2.495 billion.
- (12) Reasons for change in net cash flow from investment activities: The net cash flows from investing activities for the year increased by RMB19.2 billion year on year, mainly due to the year-on-year increase in net inflow of the interbank deposit certificates and other businesses of DEC Finance during the year.
- (13) Reasons for change in net cash flow from financing activities: The net cash flows from financing activities for the year decreased by RMB379 million year on year, mainly due to the year-on-year increase of cash for dividend distribution and interest repayment during the year.

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

### (1) Major operations by industry, product and region

Unit: 0'000 Currency: RMB

Major operations by industry						
By industry	Operating revenue	Operating costs	Gross profit margin (%)	Year-on-year	Year-on-year	Year-on-year increase/decrease in gross profit margin (%)
				increase/decrease in operating revenue (%)	increase/decrease in operating costs margin (%)	
Power generation equipment manufacturing industry	6,067,661.34	4,928,649.84	18.77	9.60	8.66	Increase by 0.70 percentage points
Major operations by products						
Product	Operating revenue	Operating costs	Gross profit margin (%)	Year-on-year	Year-on-year	Year-on-year increase/decrease in gross profit margin (%)
				increase/decrease in operating revenue (%)	increase/decrease in operating costs (%)	
Renewable energy equipment	1,383,788.65	1,219,890.96	11.84	-7.22	-5.91	Decrease by 1.23 percentage points
High-efficient clean energy equipment	2,058,929.22	1,619,862.37	21.33	40.21	39.89	Increase by 0.19 percentage points
Engineering and trade	1,202,243.52	1,052,094.49	12.49	14.06	11.29	Increase by 2.18 percentage points
Modern manufacturing services business	538,354.13	269,619.23	49.92	26.97	39.19	Decrease by 4.39 percentage points
Emerging growth business	884,345.82	767,182.79	13.25	-19.50	-18.58	Decrease by 0.98 percentage point

### Major operations by region

Region	Operating revenue	Operating costs	Gross profit margin (%)	Year-on-year	Year-on-year	Year-on-year
				increase/decrease in operating revenue (%)	increase/decrease in operating costs (%)	increase/decrease in gross profit margin (%)
Domestic	5,301,946.33	4,293,155.83	19.03	5.13	3.46	Increase by 1.31 percentage points
Overseas	765,715.01	635,494.01	17.01	55.28	64.58	Decrease by 4.68 percentage points

### Major operations by sales model

Sales model	Operating revenue	Operating costs	Gross profit margin (%)	Year-on-year	Year-on-year	Year-on-year
				increase/decrease in operating revenue (%)	increase/decrease in operating costs (%)	increase/decrease in gross profit margin (%)
Customized sales	6,067,661.34	4,928,649.84	18.77	9.60	8.66	Increase by 0.70 percentage points

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

- (1) The revenue of the high-efficient clean energy equipment segment for the year increased by 40.21% year on year to RMB5,905 billion, mainly due to the year-on-year growth of coal-fired generation, gas turbine and nuclear power.

(2) Capacity and sales analysis table

Major products	Unit	Capacity (MW)	Sales (MW)	Inventory (MW)	Capacity	Sales increase/	Inventory
					increase/ decrease from the previous year (%)	decrease from the previous year (%)	increase/ decrease from the previous year (%)
Hydro-generating Unit	MW	5,600.2	5,135	3320.2	30.54	88.10	16.29
Steam turbine generators	MW	33,511.5	30,657.5	18,452	22.23	12.31	18.30
Wind power units	MW	5,000	4,888.5	907.3	15.23	32.57	6.64
Power station steam turbines	MW	34,994.2	42,832.2	10,222.3	17.05	30.21	-43.40
Power station boilers	MW	23,168	23,168	0	2.90	2.90	/

Description of capacity and sales volume

- (1) In 2023, the Company successfully completed and shipped the equipment for Tanzania's Julino Hydropower Station, leading to an 88.10% year-on-year increase in sales of hydro-generating units during the Reporting Period.

(3) Cost analysis

Unit: 0'000 yuan Currency: RMB

Industry	Cost composition	Amount for the period	By industry		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
			Percentage in total costs for the period (%)	Amount for the same period last year			
Power generation equipment manufacturing	Raw material costs (procurement cost)	4,136,301.60	83.92	3,789,182.93	83.54	9.16	
Power generation equipment manufacturing	Labour costs	164,937.25	3.35	155,703.29	3.43	5.93	
Power generation equipment manufacturing	Other costs	627,410.99	12.73	590,848.20	13.03	6.19	

Industry	Cost composition	Amount for the period	By industry		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
			Percentage in total costs for the period (%)	Amount for the same period last year			
Renewable energy equipment	Raw material costs (procurement cost)	<b>1,029,758.72</b>	20.89	1,107,880.79	24.42	-7.05	
Renewable energy equipment	Labor costs	<b>64,061.44</b>	1.30	65,837.24	1.45	-2.70	
Renewable energy equipment	Other costs	<b>126,070.80</b>	2.56	122,793.92	2.71	2.67	
High-efficient clean energy equipment	Raw material costs (procurement cost)	<b>1,372,368.72</b>	27.85	976,577.40	21.52	40.53	
High-efficient clean energy equipment	Labor costs	<b>58,701.63</b>	1.19	44,824.62	0.99	30.96	
High-efficient clean energy equipment	Other costs	<b>188,792.02</b>	3.83	136,565.46	3.01	38.24	
Engineering and trade	Raw material costs (procurement cost)	<b>1,030,202.67</b>	20.90	832,219.04	18.35	23.79	
Engineering and trade	Labor costs	<b>5,477.52</b>	0.11	4,809.28	0.11	13.89	
Engineering and trade	Other costs	<b>16,414.30</b>	0.33	108,293.06	2.39	-84.84	
Modern manufacturing services business	Raw material costs (procurement cost)	<b>86,075.28</b>	1.75	52,143.30	1.15	65.07	
Modern manufacturing services business	Labor costs	<b>13,432.54</b>	0.27	11,304.15	0.25	18.83	
Modern manufacturing services business	Other costs	<b>170,111.41</b>	3.42	130,258.09	2.87	30.60	
Emerging growth industry	Raw material costs (procurement cost)	<b>617,896.20</b>	12.54	820,362.39	18.09	-24.68	
Emerging growth industry	Labor costs	<b>23,264.13</b>	0.47	28,928.01	0.64	-19.58	
Emerging growth industry	Other costs	<b>126,022.46</b>	2.59	92,937.67	2.05	35.60	

#### Other explanations on cost composition

- (1) The year-on-year cost increase of the high-efficient clean energy equipment business mainly results from the year-on-year revenue growth.

(4) Major Customers in Sales and Major Suppliers

The Company's sales to its top five customers amounted to RMB14,652.6601 million, accounting for 24.15% of the total sales for the year, among which, sales to related parties was RMB nil million, accounting for 0% of the total sales for the year.

The Company's procurement from its top five suppliers amounted to RMB5,650.1931 million, accounting for 11.46% of the total procurement for the year, among which, the procurement from related parties was RMB854.8319 million, representing 1.73% of the total procurement for the year.

3. Expenses

<i>Unit: Yuan Currency: RMB</i>			
<b>Item</b>	<b>2023</b>	<b>2022</b>	<b>Change (%)</b>
Selling expenses	<b>1,587,506,821.55</b>	1,483,454,424.40	7.01
Administrative expenses	<b>3,403,903,282.05</b>	3,117,049,745.75	9.2
R&D expenditure	<b>2,749,527,295.10</b>	2,275,131,662.82	20.85
Finance costs	<b>7,452,005.65</b>	-97,834,499.53	N/A
Income tax expenses	<b>362,454,836.22</b>	313,620,616.00	15.57

4. R&D Expenditure

<i>Unit: Yuan Currency: RMB</i>	
	<b>2023</b>
Expensed R&D expenditure for the period	<b>2,749,527,295.10</b>
Capitalized R&D expenditure for the period	<b>636,967,537.29</b>
Total R&D expenditure	<b>3,386,494,832.39</b>
Percentage of total R&D expenditure over revenue (%)	<b>5.58</b>
Percentage of R&D expenditure capitalization (%)	<b>18.81</b>

5. *Cash flows*

*Unit: Yuan Currency: RMB*

<b>Item</b>	<b>Amount for current year</b>	Amount for previous year	Change (%)
Cash received from sale of goods and of rendering services	<b>60,080,393,051.10</b>	52,168,809,659.97	15.17
△Net increase in customer deposits and due to banks	<b>-6,867,616,168.89</b>	-458,572,522.17	N/A
Net increase in borrowings from other financial institutions	<b>56,646,341.72</b>	2,358,615,348.35	-97.6
Tax refund received	<b>313,339,603.59</b>	603,688,878.78	-48.1
Other cash received from operating activities	<b>4,207,870,538.57</b>	3,505,246,213.03	20.04
Cash paid for purchase of goods and receipt of services	<b>50,183,751,530.59</b>	39,421,831,144.65	27.3
△Net increase in loans and advances to customers	<b>-2,898,003,869.83</b>	-65,782,665.00	N/A
Other cash payments relating to operating activities	<b>6,741,398,093.38</b>	3,316,140,400.47	103.29
Cash received from returns on investments	<b>32,260,619,410.47</b>	15,269,262,332.97	111.28
Cash paid for debt repayment	<b>709,002,286.14</b>	84,216,121.57	741.88
Cash from absorption of investment	<b>276,457,036.00</b>	410,141,811.50	-32.59
Cash received from borrowings obtained	<b>865,437,595.74</b>	544,161,866.03	59.04

## (II) Analysis 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
Funds for lending	0.00	0.00	30,000,000.00	0.03	-100.00	Refer to other descriptions.
Prepayments	7,919,037,467.33	6.54	5,485,755,129.92	4.76	44.36	Refer to other descriptions.
Financial assets purchased under resale agreements	2,959,861,095.88	2.44	1,390,000,000.00	1.21	112.94	Refer to other descriptions.
Non-current assets due within one year	530,902,406.26	0.44	931,706,413.91	0.81	-43.02	Refer to other descriptions.
Other current assets	1,450,120,565.18	1.20	947,764,278.78	0.82	53.00	Refer to other descriptions.
Loans and advances	5,618,011,791.46	4.64	4,548,783,922.30	3.94	23.51	Refer to other descriptions.
Debt investments	19,072,837,013.51	15.75	25,380,129,406.70	22.00	-24.85	Refer to other descriptions.
Long-term equity investment	1,783,080,682.00	1.47	2,398,321,350.77	2.08	-25.65	Refer to other descriptions.
Construction in progress	789,077,246.34	0.65	375,883,613.38	0.33	109.93	Refer to other descriptions.
Other non-current assets	6,849,939,364.67	5.66	4,099,399,623.76	3.55	67.10	Refer to other descriptions.
Customer deposits and deposits due to banks and other financial institutions	592,069,004.07	0.49	4,389,305,510.35	3.81	-86.51	Refer to other descriptions.
Taxes payable	439,788,690.24	0.36	331,024,291.65	0.29	32.86	Refer to other descriptions.
Notes payable	13,892,247,700.54	11.47	10,026,704,197.84	8.69	38.55	Refer to other descriptions.
Non-current liabilities due within one year	316,029,312.52	0.26	626,010,598.59	0.54	-49.52	Refer to other descriptions.
Other current liabilities	2,068,383,806.37	1.71	294,431,940.09	0.26	602.50	Refer to other descriptions.
Long-term borrowings	1,383,426,409.20	1.14	951,113,407.87	0.82	45.45	Refer to other descriptions.
Deferred tax liabilities	180,156,104.32	0.15	124,341,319.06	0.11	44.89	Refer to other descriptions.

### Other explanations

- (1) Reasons for change in funds for lending: the funds for lending for the year decreased by 100% as compared with the beginning of the year, mainly due to the recovery of funds for lending during the period.
- (2) Reasons for change in prepayments: the prepayments for the year increased by 44.36% as compared with the beginning of the year, mainly due to the increase in purchases by the Company as a result of order growth during the year.

- (3) Reasons for change in financial assets purchased under resale agreements: the financial assets purchased under resale agreements for the year increased by 112.94% as compared with the beginning of the year, mainly due to the fact that DEC Finance of the Company bought financial assets purchased under resale agreement during the year.
- (4) Reasons for change in non-current assets due within one year: the non-current assets due within one year for the year decreased by 43.02% as compared with the beginning of the year, mainly due to the recovery of the long-term receivables due within one year during the year.
- (5) Reasons for change in other current assets: the other current liabilities for the year decreased by 53% as compared with the beginning of the year, mainly due to the year-on-year increase in loans issued by DEC Finance of the Company during the year.
- (6) Reasons for change in loans and advances: the loans and advances for the year increased by 23.51% as compared with the beginning of the year, mainly due to the increasing loans granted by the DEC Finance of the Company.
- (7) Reasons for change in debt investment: the debt investment for the year decreased by 24.85% as compared with the beginning of the year, mainly due to the decrease of the interbank deposit certificates at the DEC Finance of the Company.
- (8) Reasons for change in long-term equity investment: the long-term equity investment for the year decreased by 25.65% as compared with the beginning of the year, mainly due to the disposal of the equities in Sichuan Energy Investment Development Co., Ltd.
- (9) Reasons for change in construction in progress: the construction in progress for the year increased by 109.93% as compared with the beginning of the year, mainly due to the investment of RMB240 million in Chuangke Center (創科中心) in the year.
- (10) Reasons for change in other non-current assets: the other non-current assets increased by 67.10% as compared with the beginning of the year, mainly due to the inclusion of the rights to the underlying assets acquired under the share exchange agreement into other non-current assets, as well as the year-on-year increase of the contract quality assurance funds.

- (11) Reasons for change in customer deposits and deposits due to banks and other financial institutions: the customer deposits and deposits due to banks and other financial institutions for the year decreased by 86.51% as compared with the beginning of the year, mainly due to the year-on-year decrease of the customer deposits and deposits due to banks and other financial institutions taken by the DEC Finance of the Company.
- (12) Reasons for change in taxes payable: the taxes payable for the year increased by 32.864% as compared with the beginning of the year, mainly due to the increase in payment of VAT and corporate income tax during the year.
- (13) Reasons for change in notes payable: the notes payable for the year increased by 38.55% as compared with the beginning of the year, mainly due to the increase in purchases made by the Company during the year.
- (14) Reasons for change in non-current liabilities due within one year: the non-current liabilities due within one year for the year decreased by 49.52% as compared with the beginning of the year, mainly due to the repayment of the long-term borrowings due within one year.
- (15) Reasons for change in other current liabilities: the other current liabilities for the year increased by 602.50% as compared with the beginning of the year, mainly due to the reclassification of contract liabilities to other current liabilities as a result of the price-tax separation during the year.
- (16) Reasons for change in long-term borrowings: the long-term borrowings for the year increased by 45.45% as compared from the beginning of the year, mainly due to the increase of the entrusted loans in the year.
- (17) Reasons for change in deferred tax liabilities: the deferred tax liabilities for the year increased by 44.89% as compared from the beginning of the year, mainly due to the addition of deferred tax liabilities for right-of-use assets during the year.

### III. Position and Operating Results of the Company During the Reporting Period

#### (I) Analysis of operating results

Unit: Yuan Currency: RMB

Item	2023	2022	Year-on-year increase/decrease (%)
Total operating income	<b>60,676,613,395.82</b>	55,363,782,450.06	9.60
Sales expenses	<b>1,587,506,821.55</b>	1,483,454,424.40	7.01
Administrative expenses	<b>3,403,903,282.05</b>	3,117,049,745.75	9.2
R&D expenditure	<b>2,749,527,295.10</b>	2,275,131,662.82	20.85
Financial expenses	<b>7,452,005.65</b>	-97,834,499.53	N/A
Operating profit	<b>3,976,683,797.57</b>	3,323,257,786.02	19.66
Total profit	<b>4,006,164,166.98</b>	3,327,359,675.84	20.40
Income tax expenses	<b>362,454,836.22</b>	313,620,616.00	15.57
Net profit	<b>3,643,709,330.76</b>	3,013,739,059.84	20.90
Net profit attributable to shareholders of the parent company	<b><u>3,550,393,576.32</u></b>	<u>2,857,898,505.21</u>	<u>24.23</u>

The Company's total operating income for the year increased by 9.60% over the previous year, mainly due to the growth in revenue from clean and efficient energy and modern manufacturing service segments.

Sales expenses increased by 7.01% over the previous year, mainly due to year-on-year increases in staff salaries.

Administrative expenses increased by 9.2% over the previous year, mainly due to year-on-year increases in staff salaries and repair costs.

R&D expenditure increased by 20.85% over the previous year, mainly due to increased investment in research and development during the year.

Income tax expenses increased by 15.57% over the previous year, mainly due to the increase in deferred income tax expenses recognized during the year.

The Company's net profit attributable to shareholders of the listed company for the year increased by 24.23% compared with the same period last year, mainly due to the increase in the Company's sales scale during the year.

## ANALYSIS OF ASSETS, LIABILITIES AND SHAREHOLDERS' EQUITY

At the end of the year, the Company's total assets amounted to RMB121,108 million, representing an increase of 5% as compared with the beginning of the year, among which, a decrease of 24.85% and an increase of 6.12% were recorded in debt investment and accounts receivable, respectively. Meanwhile, total liabilities amounted to RMB79,888 million, representing an increase of 4.15% as compared with the beginning of the year, attributable to an increase of 11.25% in accounts payable and a decrease of 0.06% in contract liabilities. Shareholders' equity amounted to RMB41,220 million in total, representing an increase of 6.69% as compared with the beginning of the year, mainly attributable to the increase in profit during the year.

### GEARING RATIO

<b>Item</b>	<b>Current period</b>	Last period	Year-on-year increase/decrease (percentage point)
Gearing ratio (%)	<b><u>65.96</u></b>	<u>66.50</u>	<u>-0.54</u>

*Note:* Gearing ratio = Total liabilities/Total assets x 100%

Gearing ratio of the Company was 65.96% at the end of the year, representing a decrease of 0.54 percentage point as compared with the beginning of the year. The Company's assets structure risk is controllable.

## **BANK BORROWINGS**

As at 31 December 2023, the Company had borrowings from financial institutions (banks) of RMB145 million due within one year and had bank borrowings of RMB701 million due beyond one year. The Company's borrowings and cash and cash equivalents are mainly dominated in RMB. In particular, RMB846 million were fixed-rate bank loans. The Company has maintained a favorable credit rating with banks and a sound financing capacity.

## **EXCHANGE RISK MANAGEMENT**

With the increasing scale of the international operations of the Company, foreign exchange rate risk has become a more important element that affects the Company's operating results. With a view to effectively reducing 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.

## **PLEDGE OF ASSETS**

As at 31 December 2023, the Company had pledged borrowings of RMB336 million (2022: RMB368 million), which were related to borrowings from financial institutions secured by concession. As at 31 December 2023, net concession value amounted to RMB488 million (2022: RMB506 million). As at the end of the year, this part of borrowings was not mature and repayable.

## **DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT**

### **(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 2024 by further promoting the energy revolution, accelerating the construction of a new energy system and a new electricity system, and strengthening the construction of the energy production, supply, storage, and sales system to push the high-quality development of energy to new heights at a new historical starting point. We will continuously optimize and adjust the energy structure, vigorously enhance the safe and reliable substitution level of new energy, and boost the green and low-carbon transformation of energy with approximately 200 million kilowatts of wind and solar new installations throughout the year, completion and operation of 4 nuclear power project units, and about 5 million kilowatts of new installations; targeting energy technological self-reliance and self-improvement, earnestly creating a high ground for energy technological innovation; leveraging the key supportive role of reforms, strengthening the construction of a unified national electricity market system; further continuously improving the overall efficacy of energy regulation, adhering to the bottom line of safe production, and actively strengthening international cooperation in energy.

According to the forecast of the China Electricity Council, in 2024, it is expected that the annual electricity consumption of the whole society will increase by around 6% as compared to 2023, with the overall supply and demand of electricity in the country being tightly balanced, and the cumulative installed capacity of new energy generation will exceed that of coal power generation for the first time. Driven by the rapid development of new energy generation, it is expected that the installed capacity of new power generation in the PRC will exceed 300 million kilowatts again in 2024, representing an increase basically comparable to that of 2023. The installed power generation capacity in the PRC is expected to reach 3.25 billion kilowatts by the end of 2024, representing an increase of approximately 12% year on year; thermal power of 1.46 billion kilowatts, including approximately 1.2 billion kilowatts of coal power, with its proportion of the total installed capacity down to 37%; installed non-fossil power generation capacity totaled 1.86 billion kilowatts, with its proportion of the total installed capacity rising to about 57%. In particular, grid-connected wind power will reach 530 million kilowatts, and grid-connected solar power will reach 780 million kilowatts. Combined installed capacity of grid-connected wind power and grid-connected solar power will exceed the installed capacity of coal power, with its proportion of the total installed capacity rising to about 40%, and some regions are under prominent pressure to consume new energy.

In general, under the national “dual carbon” goals, the new energy system exhibits characteristics of being “safe and efficient, clean and low-carbon, flexible and agile, and intelligently integrated”, the Company will pay more attention to high-quality development of renewable energy and a high proportion of renewable energy consumption. The new power system will generate significant growth demand for equipment across all segments of the power industry chain, including power generation, distribution, load management and storage. In terms of industry trends, the newly installed capacity of renewable energy has become the main source of China’s new electricity installations. The installed capacity of renewable energy sources such as wind and solar power has surpassed 100 million kilowatts for four consecutive years and is expected to break through 200 million kilowatts in 2024, continuing a rapid development trend. 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. Coal power accelerates the function of providing baseline support, system regulation, and emergency backup, driving demand and increasing installation capacity, with the expected new construction scale in 2024 to maintain a high level. Nuclear power has seen the highest number of approvals in more than a decade for two consecutive years, leading to steady market growth. The demand for pumped storage is continuously released, with construction noticeably accelerating, indicating significant development potential. Gas power is expected to maintain stable in terms of newly installed capacity, presenting a substantial demand space. Meanwhile, new energy storage experiences high growth, hydrogen energy industry technology is continuously upgraded, energy saving and environmental protection applications in industries are deepening, and broad market demand still exists in the field of chemical equipment.

## **(II) Development Strategy of the Company**

The Company comprehensively implements the new development concepts, anchoring the goals of “carbon peaking” and “carbon neutrality” to better serve the acceleration of a new development pattern building and the advancement of new industrialization. It maintains seeking progress with stability, promoting stability through progress and establishing foundations before making breakthroughs, continuously enhancing core competitiveness, strengthening innovation-driven development, improving economic efficiency, and persistently promoting high-quality growth.

The Company is committed to simultaneously driving the transformation and upgrading of traditional industries and accelerating the development of strategic emerging industries, continuously optimizing the industrial structure. On one hand, it focuses on consolidating its leading position in traditional sectors by closely following market demands in coal power, gas power, pumped storage, and nuclear power, prioritizing advanced coal power, accelerating the autonomous and serial development of gas turbines, expanding in the nuclear energy sector, and maintaining a lead in hydropower. On the other hand, it accelerates the development of strategic emerging industries by focusing on the development of wind power, refining and strengthening the energy saving and environmental protection industry, enhancing the industrialization level of power electronics and control, nurturing and improving the core capabilities of the hydrogen energy industry, and accelerating the industrialization process of intelligent manufacturing. At the same time, the Company upholds technology as a pillar, stimulates vitality with reform, shapes advantages with talents, and improves efficiency with management, and pushes forward the key work in 2024 to ensure the full realization of the annual business objectives.

## **(III) Business Plan**

In 2024, the Company will adhere to the principle of seeking progress in the midst of stability, promoting stability through progress, establishing foundations before making breakthroughs, enhance its core functions and core competitiveness, implement the “leading strategy”, strengthen the innovation drive, improve economic efficiency, and continue to promote the Company’s high-quality development, and expect to complete the production of power generation equipment of 48.23 million kilowatts

## ***1. Increasing efforts to develop domestic and international markets***

The Company will stabilize the general market orders, consolidate and enhance the advantageous position of traditional industries, and accelerate breakthroughs in new industries and fields. The Company will strive to maintain a leading position in hydro, coal, nuclear, and gas energy sectors, and aim for wind power to enter the top tier, with key models completing international certification and seeking overseas breakthroughs for own brands. The Company will continue to reduce costs and enhance the competitiveness of the solar thermal market; accelerate the improvement of energy saving and environmental protection capabilities; aim for breakthroughs in heavyweight projects in engineering and international trade; continuously strengthen the solution capabilities of the modern manufacturing services industry; focus on breakthroughs in emerging industries, maintain a lead in hydrogen fuel cell power generation systems, and continue to push for the integration of power generation, distribution, load management and storage, as well as the comprehensive development of wind, solar, hydro, thermal, hydrogen, and storage energy. The Company will optimize and perfect the resource work system and mechanism, striving to achieve higher resource acquisition targets. On the basis of good risk prevention and control, the Company will promote further optimization of the international business layout, enhance the international brand image, and ensure steady and sustained growth in international market orders.

## **2. *Accelerating the resolution of key core technologies***

The Company will adhere to effective efforts from aspects such as research and development investment, platform construction, and technology deployment, reinforcing the support role of scientific and technological innovation, and promoting the development of equipment manufacturing towards high-end, intelligent, and green directions. The intensity of research and development investment is maintained at over 5.5%. The Company will drive the efficient operation of joint innovation research institutes and deepen research and development cooperation with national high-level innovation institutions. The Company will precisely select directions for technological innovation efforts, further perfect the technological innovation mechanism, optimize the mechanism for the transformation and application of scientific and technological achievements, fully focus on the resolution of key core technologies, and push for breakthroughs in fields such as high-power offshore wind power, 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, strengthening research in strategic emerging industries and frontier technologies. The Company will solidly promote the digital transformation action plan, advance intelligent manufacturing from the workshop level to the factory level, and accelerate the research and development and application promotion of industrial internet platforms.

## **3. *Accelerating the development of strategic emerging industries***

The Company will make full and effective use of national policies, formulate and improve the Company's supporting systems and measures, and fully encourage and support the development of strategic emerging and future industries. The Company will strive to explore new fields and tracks, continue to increase investment and research and development input in strategic emerging industries, and actively promote the development of new industries through mergers, acquisitions, and reorganizations, insisting that both the Company and its subsidiaries work in the same direction and seek sources extensively.

#### **4. *Fully Implementing actions to deepen and enhance reform***

The Company will establish and improve systems and mechanisms that can enhance technological innovation capabilities, better adapt to the development of strategic emerging industries, and more effectively stimulate the vitality of all employees. The Company will promote the modern governance system to transition from “tangible” to “spiritual”, creating a “1+N” system that centers on the articles and integrates basic systems to further standardize the responsibilities of each governance body; implement a “one enterprise, one policy” approach to establish a list of delegation of authority to carry out differentiated management and control. The Company will fully optimize the performance assessment system for subsidiaries, focusing on the industry characteristics, development stages, and key difficulties of the subsidiaries, emphasizing both incentives and constraints, formulating more scientific and challenging indicators, advancing more precise and stricter assessments, and introducing more targeted and effective incentives.

#### **5. *Enhancing the level of production and operational management***

The Company will firmly establish the awareness of “tightening budgets”, focus on improving efficiency across the whole chain and eliminating waste at all stages, and perfect the “Lean + Whole Value Chain Management” operational management system, promoting the effective operation of the whole value chain cost management system in the Company. The Company will strengthen comprehensive budget management, further enhance financial management capabilities, reduce financing costs, and improve the efficiency of fund use. The Company will effectively control “two funds”, and strictly control general expenses, solidly advance the classification and positioning of procurement categories, and increase the proportion of centralized procurement at the primary level. The Company will accelerate the construction of a leading quality indicator system, improve the efficiency of quality issue resolution, and reduce the annual quality loss rate. The Company will make continuous efforts on occupational health, safety, and environmental protection to prevent accidents, strengthening internal collaboration to further form a synergistic force for overall development.

**6. *Improving operational quality and efficiency***

The Company will maximize the use of production capacity resources and improve manufacturing efficiency to smoothly navigate through peaks in capacity. The Company will focus on enhancing contract performance capabilities, strengthen project execution control and correction; implement advance tendering for procurement and increase strategic material reserves to break through supply chain bottlenecks. The Company will promote the coordinated growth of operational profitability and scale; adhere to increasing revenue and reducing expenditure, advancing the dual efforts of acquiring high-quality orders and cost control.

**7. *Continuously strengthening talent management***

The Company will focus on enhancing talent levels and stimulate talent vitality, and continuously strengthen talent attraction, cultivation, incentives protection. The Company will accelerate the development of talent special zones, establish 1-2 internal talent special zones within subsidiaries. The Company will put significant effort into the “special” aspect, formulating and implementing effective and differentiated talent attraction, cultivation, retention, and utilization policies. The Company will continuously strengthen the training and introduction of core talents, build and enhance the Company’s core talent pool, customize training plans by category and tier, effectively improve the effectiveness of talent training, and further enhance the role of talent introduction.

**8. *Enhancing the effectiveness of risk control and compliance systems***

The Company will coordinate the advancement of legal risk compliance management work, improve the effectiveness of the legal work system, enhance the effectiveness of risk identification and disposal, conduct prospective research, develop guidelines, and intervene in advance around new business, and take strong measures to prevent and resolve significant risks; promote compliance across all business domain activities. The Company will strengthen audit supervision, advance important special research-type audits, key business area risk prevention and control big data audits, solidly carry out special rectification audits to discover and rectify issues, and continuously ensure the effectiveness of management supervision.

## **9. *Further enhancing the effectiveness of market value management***

DEC will make greater efforts to enhance its value creation and value realisation capabilities. Firstly, continues improving the modern enterprise system with Chinese characteristics. It will promote the solid construction and standardised operation of the Board, enhance the quality of information disclosure guided by investor demand, and effectively promote the level of corporate governance to a new level. Secondly, further improving the ESG working mechanism and ESG performance. It will explore the construction of an ESG system with Chinese characteristics and in line with international standards. Thirdly, adhering to the bottom line of compliance and emphasizing both process and result. It will establish a market value management mechanism and evaluation system based on the actual development of the Company to help realise the value of the Company.

### **(IV) Possible Risks**

#### **1. *Risk of international operation***

Current international political disputes and military conflicts are erupting in multiple locations, significantly increasing geopolitical risks. With insufficient global economic growth momentum, the international business is facing an increasingly severe and complicated situation. The international energy market is undergoing transformation and upgrading, and the global energy structure is deeply adjusting, presenting numerous challenges to international operations.

Control Measures: (1) The Company will strengthen research on international situations and energy transition, clarify key regional markets and products, and provide effective support for subsidiaries to explore overseas markets and carry out overseas projects. (2) Develop international market development plans and marketing strategies, strengthen international exhibition planning, coordinate corporate exhibition participation across industries, continuously enhance international brand influence of Dongfang Electric, and promote high-quality development of international business. (3) Review the layout of subsidiaries' overseas operations, explore functional classifications and evaluate the functions of overseas institutions, and optimize and improve the international layout.

## **2. *Risks of business transformation***

Strategic emerging industries are greatly influenced by industrial support policies issued by the government. The external environment and basic conditions required for rapid development are still imperfect. Meanwhile, if the Company fails to improve the foresight of scientific research topics and accurately predict key technologies, the scientific and technological innovation achievements will miss the window period for market development, affecting the Company's speed of development of strategic emerging industries.

Control Measures: (1) The Company will continue to follow the national dual carbon goals and green low-carbon orientation, strengthen research on emerging industry policies, development trends analysis, fully mobilize the enthusiasm of subsidiaries and functional companies in new industries and tracks, and enhance their development momentum and quality. (2) Play the role of the main body of enterprise, enhance the self-sustaining function of emerging industries, innovate business models, and reduce policy dependence on new industries. (3) Establish corporate technology achievement incubation pool. For innovations with clear prospects and market value, a list of admission to the pool will be formed through expert evaluation, and support will be provided in terms of policy to accelerate the transformation and incubation of the achievements.

## **3. *Price Risks***

Current rises in the prices of bulk raw materials and key supplies are driving up product costs, while affected by intensifying market competitions, certain contract prices are reduced, leading to lower gross profit margins and further squeezing profit margins, affecting the overall profitability of the Company.

Control Measures: The Company will strengthen tender and quotation approval management, strictly control loss-making orders, strengthen target cost control for projects at risk of loss or with minimal profit, set reasonable targets and ensure they are under control, strengthen design and procurement cost control, enhance revenue generation and cost reduction, increase efficiency and develop targeted profitability improvement measures.

## OTHERS

### 1. Capital Structure

For the year ended 31 December 2023, total share capital of the Company amounted to RMB3,118,533,797, comprising 2,778,533,797 A shares of RMB1.00 per share and 340,000,000 H shares of RMB1.00 per share. The capital structure of the Company is as follows:

Class of shares	2023		2022	
	Number of shares	% of total number of share capital issued	Number of shares	% of total number of share capital issued
A share	2,778,533,797	89.10%	2,778,807,797	89.10%
H share	340,000,000	10.90%	340,000,000	10.90%
Total	<u>3,118,533,797</u>	<u>100%</u>	<u>3,118,807,797</u>	<u>100%</u>

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

The proposed capital increase into Dongfang Institute by the Company and DEC in proportion to their respective shareholdings in Dongfang Institute in an aggregate amount of RMB103 million (of which, DEC proposed to contribute RMB8.2915 million, and the Company proposed to contribute RMB94.7085 million) for the purpose of investing in the silver powder industry was approved at the thirty-first meeting of the tenth session of the Board held on 30 October 2023. The total amount of capital increase was determined based on the funding needs of Dongfang Institute. The transaction does not involve any change of control over Dongfang Institute. If the capital increase is completed, the Company and DEC will hold approximately 91.95% and 8.05% of its equity interest, respectively, and the shareholding ratio will remain unchanged. As at the date of this announcement, the Company has not entered into any capital increase agreement with DEC and Dongfang Institute in respect of the proposed capital increase. 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.

### **3. Purchase, Sales 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**”).

3 Participants under the First Grant are no longer qualified as Participants due to the enterprise restructuring and termination of labor contract with the enterprise, 3 Participants are no longer qualified as the Participants due to the organizational arrangement of being transferred from the Company, 3 Participants are no longer qualified as Participants due to the violation of relevant laws and regulations, and 4 Participants do not meet the conditions for the unlock of the second phase of the First Grant of the Incentive Scheme due to the substandard personal performance assessment. The Board has considered and decided to repurchase and cancel the Restricted Shares totalling 274,000 Restricted A Shares that have been granted to the aforesaid 13 Participants yet still locked up. For details, please refer to the relevant announcements of the Company dated 8 March 2023 and 13 March 2023.

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

### **4. Guarantee and Performance thereof**

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 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 shall not exceed and shall 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.

As of At the end of the Reporting Period, the aggregate guarantee of the Company amounted to RMB92.5 million, representing 0.22% of the net assets of the Company.

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

During the year ended 31 December 2023 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 and Training Policy**

As at 31 December 2023, the Company employed 17,426 staff (2022: 17,463).

During the Reporting Period, the Company has focused on the requirements of “One Adaptation, Two Links” salary determination mechanism and established the total salary classification management mechanism of “Strategic Leadership, Performance Linkage, Efficiency Adjustment, Benchmarking for Adjustment, Cyclical Control, Rewards and Penalties for All”. The Company has optimised the remuneration management system, insisted on the combination of putting under and outside of management, and steadily pushed forward the implementation of the appraisal and allocation of powers by the board of directors of the enterprises, and established a mechanism for determining differentiated remuneration in line with the nature of the enterprises’ functions, stage of development, and level of contribution. The Company has comprehensively promoted the second round of tenure system and contractual management, explored the implementation of tenure system and contractual management for the leaders of independent entities, and realised the full coverage of tenure system and contractual management in the Group’s business divisions and subsidiaries at all levels. In strict accordance with the requirements of the SASAC, the Company has guided its members of the management to sign the “three books” for their tenure of office, and decomposed and implemented the “business performance indicators + leading strategic indicators” at each level and for each person. The Company has rigidly honoured the remuneration for the year 2022 and the incentive income for the term of 2020–2022, and promoted the assessment and distribution of the second term of the management of the Company in accordance with stricter requirements, higher standards and better quality. The Company has continued to promote the performance management for all employees, established a mechanism for evaluating the differentiated distribution of corporate employee remuneration, tailored the quantitative standards for differentiated distribution of remuneration for different enterprises, actively implemented medium-and long-term incentives, and tilted the distribution of remuneration in favour of key and backbone talents.

During the Reporting Period, the Company has promoted the implementation of the strategy of strengthening the enterprise with talents and talents leadership, strengthened the education and training of the Group's and the Company's leaders at all levels and various types of professionals, assisted in the improvement of employees' capabilities and performance centring on the strategic emerging industry and the green, low-carbon and digital transformation, and continued to implement the "Six Talent Cultivation Projects" to carry out hierarchical and progressive training for management and operation, professional technology and skilled talents. The Company adheres to the combination of theoretical learning and professional competence training, makes good use of the Group's internal and external training resources, and gives full play to the advantages of online and offline training coordination. The training programme covers the enhancement of independent research and development capability, the development of professional knowledge and business capacity, production safety and occupational health, etc., and the form of training is continuously enriched to improve the effect of training.

## 7. Events Subsequent to the Reporting Period

On 27 October 2023 and 30 October 2023, 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 Restricted A Share Incentive Scheme for 2019 (Amended Draft) (the "**Incentive Scheme (Amended Draft)**") of the Company and the requirements of relevant laws and regulations, 1 Participant under the Reserved Grant has been transferred from the Company due to organizational arrangements and is no longer qualified as Participant, and the Board has considered and decided to repurchase and cancel all the Restricted Shares (13,334 shares in total) that have been granted to the aforesaid Participant yet still locked up; on 4 January 2024 and 5 January 2024, the Board and the Supervisory Committee of the Company considered and approved the Resolution on the Repurchase and Cancellation of Certain Restricted Shares. Pursuant to the Company's "Incentive Scheme (Amended Draft)" and relevant laws and regulations, 39 Participants under the First Grant have been included in the Other Employee Stock Ownership Scheme 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; 23 Participants are no longer qualified due to their retirement after reaching the statutory retirement age; 7 Participants have been transferred from the Company due to organizational arrangements and are no longer qualified as Participants; 2 Participants have resigned due to personal reasons and are no longer qualified as Participants; 2 Participants do not meet the conditions for the unlock of the third phase of the First Grant of the Incentive Scheme due to the substandard personal performance assessment; 1 Participant is no longer qualified due to his/her service as the supervisor of the Company; and 1 Participant is no longer qualified due to suspected violations of his/her duties. The Board has considered and decided to repurchase and cancel all the Restricted Shares (1,021,006 shares in total) that have been granted to the aforesaid 75 Participants yet still locked up.

The repurchase and cancellation of all the restricted shares that had been granted to the aforesaid 76 participants and yet still locked, totalling 1,034,340 A shares, was approved at the 2024 first extraordinary general meeting, the 2024 first A shares class meeting and the 2024 first H shares class meeting of the Company held on 5 February 2024 and such shares were cancelled on 14 March 2024.

## **8. Corporate Governance Code**

The Company was in full compliance with all code provisions of the Corporate Governance Code contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the Reporting Period.

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

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 C3 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Having made specific enquiry to all Directors and supervisors of the Company, the Company confirms that, for the year ended 31 December 2023, 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 and Review Committee**

The Board has set up an audit and review committee comprising three independent non-executive Directors, namely, Mr. Liu Dengqing, Mr. Huang Feng and Mr. Zeng Daorong. The audit and review committee has reviewed the annual results of the Company for the Period, and agreed to the accounting treatments 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 annual report of the Company for the year ended 31 December 2023, which contains all information as proposed in the Disclosure of Financial Information set out in Appendix D2 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 Province, PRC  
28 March 2024

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

*Directors:* *Yu Peigen, Song Zhiyuan, Liu Zhiquan,  
Zhang Yanjun and Sun Guojun*

*Independent Non-executive  
Directors:* *Liu Dengqing, Huang Feng and Zeng Daorong*