



东方电气
DONGFANG ELECTRIC

DONGFANG ELECTRIC CORPORATION LIMITED

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

A large-scale industrial scene featuring a massive turbine assembly with green blades in a factory. Two workers in blue uniforms and yellow hard hats are visible on a red structure. The background shows a sunset over a large circular solar field.

2023
ANNUAL REPORT

Important Notice

- I. The Board of Directors, the Supervisory Committee and the Directors, Supervisors and senior management of the Company warrant that the content of this annual report is true, accurate and complete and does not contain any false representations, misleading statements or material omissions, and severally and jointly accept legal responsibility thereof.
- II. All Directors of the Company attended the Board meetings.
- III. BDO China Shu Lun Pan Certified Public Accountants LLP has issued the audit report with unqualified opinions to the Company.
- IV. Yu Peigen, the person-in-charge of the Company, Liu Zhiqian, the person-in-charge of accounting and Zheng Xingyi, the head of the accounting department (person-in-charge of accounting), warrant the truthfulness, accuracy and completeness of the financial report in this annual report.
- V. Profit distribution plan or plan to convert surplus reserves into share capital approved by the Board during the Reporting Period
Profit distribution plan for 2023: As audited by BDO China Shu Lun Pan Certified Public Accountants LLP, net profit attributable to the owners of the parent company in 2023 amounted to RMB3,550,393,576.32. The parent company realized net profit of RMB1,308,482,494.47. The Company, based on 3,117,499,457 shares in the total share capital as at the disclosure date of annual report, proposed to distribute a cash dividend of RMB4.75 (tax inclusive) per 10 shares, totaling RMB1,480,812,242.08, accounting for 41.71% of the net profit attributable to the owners of the parent company in the consolidated statements of 2023. The Company did not convert any capital reserve into share capital or make any bonus issue. The proposal still needs to be submitted to the 2023 annual general meeting for consideration and approval.
- VI. Risks disclaimer of the forward-looking statements
For the risks described in this report, please refer to the possible risk factors and strategies stated in the “Discussion and Analysis on Future Development” in the Report of the Board of Directors.
- VII. Any appropriation of fund by the controlling shareholder and its related parties for non-operating purpose
No
- VIII. Any provision of external guarantee in violation of the stipulated decision making procedure
No
- IX. Whether more than half of the Directors cannot guarantee the authenticity, accuracy and completeness of the annual report disclosed by the Company
No
- X. Material risk alert
Nil
- XI. Others
Nil

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Documents Available for Inspection	2023 Annual Report of the Company with written signatures of the person-in-charge of the Company
	The accounting report signed and sealed by the person-in-charge of the Company, the person-in-charge of the accounting department and the person-in-charge of the accounting institution
	Articles of Association



CHAIRMAN'S STATEMENTS



Yu Peigen

Dear Shareholders,

Looking back on 2023, all employees of Dongfang Electric made remarkable achievements in the ever-changing market environment by striving for progress, fully implementing the “Five Leaders” in talent, technology, quality, cost and industry, and steering ahead along the course of accelerating the construction of a world-class enterprise. Total operating revenue for the year amounted to RMB60.677 billion, representing a year-on-year increase of 9.60%; total profit amounted to RMB4.006 billion, representing a year-on-year increase of 20.40%. The main operating indicators reached new heights in history.

In 2023, we endeavoured to expand new industrial space and strengthened the foundation for high-quality development. New effective orders maintained rapid growth, and the leading position of traditional advantageous industries was further consolidated. Coal power held a leading market share, and the completed furnace generator electricity projects increased by over 100% year on year. New hydropower models gained market recognition, with impulse turbine units, hybrid pumped storage, and variable speed pumped storage achieving market breakthroughs. Gas power maintained the highest percentage of market share, and the first independently-developed and domestically-produced F-class 50MW heavy-duty combustion turbine demonstration project was successfully put into operation. Nuclear power sector obtained research and development projects for new reactor prototypes such as lead-bismuth reactors and cryogenic reactors. The annual installation of wind power increased in the industry ranking. Breakthroughs were achieved in emerging industries, including securing completed project for electrically driven compressor units for natural gas pipelines, winning the bid for 70 hydrogen energy logistics vehicle demonstration projects, and the largest domestic project of green electricity hydrogen production, storage, and power generation for commercial use. We have been actively striving for wind and solar resource targets, and promoting business innovation.

In 2023, we focused on technological innovation and digital transformation to drive sustainable development. We strived to improve the innovation system, gradually forming the “1+N+X” innovation and R&D system. Our investment in research and development has maintained a steady growth, providing a strong support for the scientific and technological development of the Company, from the launch of F-class heavy-duty gas turbine to the world’s first successful in-situ production of hydrogen from desalination-free seawater for offshore wind power generation, the Company’s major scientific and technological achievements have emerged continuously. We made great strides in promoting the in-depth integration of digitisation and business, and pushing the production efficiency and management level to a new level. Seven new digital workshops were constructed and the first 5G fully-connected digital plant in the domestic power generation equipment industry was built. The “Dongzhi Tongchuang” Industrial Internet Platform was successfully selected as a national-level “double-span” platform.

CHAIRMAN'S STATEMENTS (CONTINUED)

In 2023, we took value creation as the core to improve the quality and efficiency of listed company operations. We adhered to the improvement of the modern enterprise system with Chinese characteristics, conducted its operations in strict adherence to legal norms. We were 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 was 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, organised regular performance briefings and collective investor exchange events, etc.; and continued to improve ESG working mechanism. We were 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.

Looking ahead to 2024, we will be even more courageous and determined. All employees of Dongfang Electric must maintain that high-quality development is the absolute principle in the new era. With a more enterprising spirit, we will embrace new missions and positions, strive to improve quality and efficiency, and accelerate the construction of a world-class equipment manufacturing group with core competitiveness, so as to create greater value for shareholders.

Chairman: Yu Peigen
March 28, 2024

I. DEFINITIONS

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

Definitions of frequently-used terms

A Shares	domestic shares of the Company, with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange and traded in RMB
Board of Directors or Board	the Board of Directors of the Company
DEC, Company	Dongfang Electric Corporation Limited
Controlling Shareholder, Dongfang Electric Corporation	DEC Group
Director(s)	the director(s) of the Company
Corporate Governance Code	Corporate Governance Code as set out in Appendix C1 to the Listing Rules
H Shares	overseas listed foreign shares of the Company, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Reporting Period	From 1 January 2023 to 31 December 2023
Share(s)	ordinary shares in the capital of the Company with a nominal value of RMB1.00 each, comprising A Shares and H Shares
Shareholder(s)	holder(s) of the Share(s) of the Company
SSE	Shanghai Stock Exchange
Stock Exchange	The Stock Exchange of Hong Kong Limited
Supervisor(s)	the supervisor(s) of the Company
Supervisory Committee	the supervisory committee of the Company
RMB, RMB'0000, RMB100 million	Renminbi Yuan, Renminbi '0000, Renminbi 100 million
EPC	Engineering Procurement Construction

COMPANY PROFILE AND MAJOR FINANCIAL INDICES

I. COMPANY INFORMATION

Chinese name of the Company	東方電氣股份有限公司
Abbreviation of the Chinese name of the Company	東方電氣
English name of the Company	Dongfang Electric Corporation Limited
Abbreviation of the English name of the Company	DEC
Legal representative of the Company	Yu Peigen
Registered and business address	18 Xixin Road, High-Tech District (Western District), Chengdu City, Sichuan Province, the PRC
Postal code for registered and business address	611731
Company website	http://www.dec-ltd.cn/
E-mail	dsb@dongfang.com
Registered capital of the Company	RMB3,117,499,457

COMPANY PROFILE AND MAJOR FINANCIAL INDICES (CONTINUED)

II. CONTACT PERSONS AND CONTACT METHODS

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

III. INFORMATION DISCLOSURE AND PLACES FOR INSPECTION FOR RELEVANT DOCUMENTS

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

IV. SHARE INFORMATION

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

V. OTHER INFORMATION

The accounting firm engaged by the Company	Name Business address	BDO China Shu Lun Pan Certified Public Accountants LLP Floor 4, No. 61 Nanjing East Road, Shanghai, the PRC
H Share registrar in Hong Kong	Name Business address	Hong Kong Registrars Limited Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong

COMPANY PROFILE AND MAJOR FINANCIAL INDICES (CONTINUED)

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

(I) Major accounting data

Unit: Yuan Currency: RMB

Major accounting data	2023	2022	Year-on-year increase/decrease (%)	2021
Total operating income	60,676,613,395.82	55,363,782,450.06	9.60	47,819,166,940.47
Operating income	59,566,526,583.78	54,189,702,709.81	9.92	46,755,975,362.02
Net profit attributable to shareholders of the Company	3,550,393,576.32	2,857,898,505.21	24.23	2,289,036,817.45
Net profit after deducting non-recurring profit or loss attributable to shareholders of the Company	2,575,811,881.93	2,384,896,763.34	8.01	1,762,974,466.73
Net cash flow from operating activities	-3,495,876,222.59	8,408,573,623.86	-141.58	-4,420,888,980.16
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	705,358,729.43

	At the end of 2023	At the end of 2022	Year-on-year increase/decrease (%)	At the end of 2021
Net asset attributable to shareholders of the Company	37,244,895,786.52	34,992,066,981.24	6.44	32,497,661,980.41
Total asset	121,108,373,341.62	115,344,350,441.40	5.00	103,104,573,304.33

COMPANY PROFILE AND MAJOR FINANCIAL INDICES (CONTINUED)

(II) Major financial index

Major financial index	2023	2022	Year-on-year increase/decrease (%)	2021
Basic earnings per share (<i>RMB/share</i>)	1.14	0.92	23.91	0.73
Diluted earnings per share (<i>RMB/share</i>)	1.14	0.92	23.91	0.73
Basic earnings per share after deducting non-recurring profit or loss (<i>RMB/share</i>)	0.83	0.76	9.21	0.57
Weighted average return on net assets (%)	9.82	8.43	Increase by 1.39 percentage points	7.20
Weighted average return on net assets after non-recurring profit or loss (%)	7.12	7.03	Increase by 0.09 percentage points	5.55

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

Due to the incurrence of the merger of enterprises under the common control and the implementation of the Interpretation of Accounting Standards for Enterprises No. 16 issued by the Ministry of Finance in this year, the Company made retrospective adjustments to the financial statements at the beginning of the period in accordance with the accounting standards.

COMPANY PROFILE AND MAJOR FINANCIAL INDICES (CONTINUED)

VII. MAJOR FINANCIAL DATA OF 2023 BY QUARTERS

Unit: Yuan Currency: RMB

	First quarter (January to March)	Second quarter (April to June)	Third quarter (July to September)	Fourth quarter (October to December)
Operating income	14,717,057,814.50	15,198,238,734.51	14,850,833,975.45	15,910,482,871.36
Net profit attributable to shareholders of the Company	1,019,048,037.33	983,109,705.51	909,666,642.30	638,569,191.18
Net profit after deducting non-recurring profit or loss attributable to shareholders of the Company	954,401,082.57	864,802,823.95	869,946,609.93	-113,338,634.52
Net cash flow from operating activities	-2,549,740,798.22	337,743,852.61	-845,218,825.62	-438,660,451.36

COMPANY PROFILE AND MAJOR FINANCIAL INDICES (CONTINUED)

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

Unit: Yuan Currency: RMB

Items of Non-recurring Profit or Loss	Amount for 2023	Note (if applicable)	Amount for 2022	Amount for 2021
Profit or loss from disposal of non-current assets, including the offsetting portion of the provision for impairment of assets that has been provisioned for	2,675,897.90		49,229,605.55	269,961,912.16
Government grants charged to profit or loss for the current period (except for those closely related to the normal operation of the Company, gained according to a certain standard based on state policies and posing consistent impact on the profit or loss of the Company)	232,628,009.63		154,531,765.68	140,101,724.20
Gain or loss on change of fair value of financial assets and financial liabilities held by non-financial enterprises, and gain or loss arising from the disposal of financial assets and financial liabilities, other than the effective hedging business related to the Company's normal business	-11,677,255.48		6,572,214.18	206,575,808.25
Fund occupation fee charged to non-financial enterprises through current profit or loss	-		-	-
Gain or loss from entrusting others with investment or asset management	-		-	-
Profit or loss from entrusted loans	-		-	-
The provision for impairment of assets due to force majeure, such as natural disasters	-		-	-
Reversal of impairment provision on receivable individually conducted impairment test	397,608,096.52		365,527,834.86	243,647,475.20
Gains from the difference between the investment costs of acquisition of subsidiaries, associates and joint ventures and share in the net fair value of the identifiable assets of the investee when investing	-		-	-
Net gain or loss of the subsidiaries arising from the merger of enterprises under the common control from the beginning of the period to the date of merger	248,791.62		-	-
Profit or loss of non-monetary asset swap	370,285,303.34		-	-
Gain or loss of debt reorganization	92,575,486.17		135,649,171.95	-74,096.67
One-off expenses incurred by the enterprise due to the discontinuation of related business activities, such as employee resettlement costs, etc.	-		-	-
One-off effect of the adjustment of tax and accounting laws and regulations on current profit or loss	-		-	-
One-off recognition of share-based payment fees due to cancellation or modification of equity incentive plans	-		-	-

COMPANY PROFILE AND MAJOR FINANCIAL INDICES (CONTINUED)

Items of Non-recurring Profit or Loss	Amount for 2023	Note (if applicable)	Amount for 2022	Amount for 2021
Gain or loss arising from changes in fair value of employee compensation payable after the exercise date for share-based payment in cash	-		-	-
Profit or loss arising from changes in fair value of investment property using fair value model for subsequent measurement	-		-	-
Gain or loss over fair value arising from a transaction in which the transaction price is obviously unfair	-		-	-
Gain or loss arising from matters not related to the Company's ordinary operation	-		-	-
Custodian income from entrusted management	-		-	-
Other non-operating income and expenses other than the above mentioned items	36,102,113.03		-2,465,368.22	3,309,529.56
Other profit and loss items falling within the definition of non-recurring profit or loss	-		-79,287,619.06	-171,730,451.97
Less: impacted amount in income tax	67,879,733.33		95,561,988.67	131,056,842.88
Impacted amount in non-controlling shareholders' equity (after tax)	77,985,015.01		48,049,446.04	34,672,707.13
Total	974,581,694.39		473,001,741.87	526,062,350.72

IX. ITEMS AT FAIR VALUE MEASUREMENT

Unit: Yuan Currency: RMB

Item	Opening Balance	Closing Balance	Changes during the periods	Impact amount of the current profit
Held for trading financial assets	1,031,815,888.77	867,176,939.12	-164,638,949.65	85,064,728.63
Other equity instrument investments	643,319,010.30	495,874,463.26	-147,444,547.04	0.00
Derivative financial liabilities	2,725,701.24	0.00	-2,725,701.24	0.00
Total	1,677,860,600.31	1,363,051,402.38	-314,809,197.93	85,064,728.63

REPORT OF THE BOARD OF DIRECTORS

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.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

I. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

(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.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

I. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

(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.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

II. INDUSTRY INFORMATION OF THE COMPANY DURING THE REPORTING PERIOD

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

The Company is one of the important R&D and manufacturing groups of energy equipment and one of the mega enterprises for project contracting, the Company has product and service business covering nearly 80 countries and regions around the world, has been consecutively selected as one of the 250 largest international engineering contractors in the world by ENR since 1994, and has strong competitiveness and influence in the field of energy equipment.

Equipment manufacturing is the basic industry that provides technical equipment for the development of the national economy, is an important part of the real economy, and is known as the heart of the industrial economy. In the new development stage, China's equipment manufacturing industry continues to expand, and its structure continues to optimize, with its comprehensive strength continuously being enhanced. The proportion of the equipment manufacturing industry in the added value of industries above designated size increased from 28% in 2012 to 31.8% in 2022. The added value of the equipment manufacturing industry above designated size increased by 6.8% in 2023 compared with the previous year, 2.2 percentage points faster than the growth rate of industries above designated size. Currently, China's high-quality development of the manufacturing industry is regarded as the main direction of high-quality development of the economy, and the equipment manufacturing industry is marching to the middle and high end. China has developed into a global major supplier of clean energy equipment technology with the R&D and manufacturing capacity of "Wind, Photovoltaic, Hydrogen, and Energy Storage" becoming the first class of its kind in the world. In the future, under the guidance of the "dual carbon" goal, the energy and power industry deeply promoted green and low-carbon transformation, continuously improved the supply structure, showing a clear trend of high-end, intelligent, and green development. China has accelerated the planning and construction of a new type of energy system and focused on the construction of a new type of power system. The pace of non-fossil energy's large-scale access to the new type of power system has been significantly accelerated, which has put forward higher requirements for energy equipment. The multi-dimensional value of thermal power in terms of safeguarding supply, system regulation and emergency backup has continuously emerged. The demand for gas and electricity for peak-buffering has increased, and hydropower is developed in accordance with local conditions, and the demand for wide load, high head impact, and variable speed pumped storage is raised. Nuclear power is developed active and orderly, with new energy represented by wind and photovoltaic power becoming the main source of electricity growth, and the integrated development of wind, solar, and energy storage is accelerating.

In 2023, there were an insufficient driving force of the global economic recovery, a complex and volatile regional security situation, and a continuous and profound change in the energy system. As an important enterprise in the field of energy equipment, the Company overcame the adverse impacts from various aspects, anchored on the target of "dual carbon", actively seized the development opportunities, focused on innovation, improvement of quality and efficiency and transformation promotion, and achieved new results in high-quality development and continuous growth in operating results.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

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

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

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

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

IV. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

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

1. Outstanding ability of science and technology innovation

The Company insists on “innovation as first motivation”, vigorously promotes independent innovation, constantly advances synergistic and open innovation, continuously optimizes the science and technology innovation system and strengthens R&D investment and key technology research. In 2023, the Company invested RMB3,386 million in R&D, accounting for 5.68% of operating revenue, and was granted 545 new valid patents (including 256 invention patents). As of the end of 2023, the Company had 3,828 valid patents (including 1,548 invention patents). The Company strived to improve the innovation system, reorganized the Company’s science and technology committee, and set up the Yangtze River Delta Innovation Research Institute, gradually forming the “1+N+X” innovation and R&D system. The Company accelerated the construction of innovation platform, successfully reorganized the construction of clean and efficient turbine power equipment national key laboratory and put it in the stage of actual operation, and was approved as the National Energy Small and Medium-sized Gas Turbine Industry Chain Key Technology and Equipment R&D Center. Four scientific and technological achievements, including the first independent F-class 50MW heavy-duty gas turbine in China, were shortlisted in the list of “Science and Innovation China” in 2022. The “Key Technology and Application of Baihetan Million Kilowatt Hydroelectric Generator Unit” was awarded the Power Innovation Award, and five projects, such as “Key Technology and Application of 10MW Offshore Wind Turbine Unit”, were awarded the first prize of Scientific and Technological Advancement at the provincial and ministerial levels.

2. Diversified and complete industrial structure

The Company has established the industrial development pattern of “simultaneous development of six types of electricity” including wind power, solar power, hydropower, nuclear power, gas power and thermal power, as well as “six industries synergy” including high-end petrochemical equipment, energy conservation and environmental protection, engineering and international trade, modern manufacturing services, power electronics and control, and emerging industries. The Company has proprietary technologies in the R&D, design and manufacturing of the entire chain of energy equipment, as well as research and development capabilities such as high-end petrochemical containers, petrochemical drive turbines and chemical shield pumps. It has a comprehensive solution for “ultra clean emissions” energy supply from energy conversion and power generation to emissions back-end processing and comprehensive utilization. It is capable of electrical and mechanical products trading, exporting complete sets of equipment and engineering EPC business, and provision of “Internet+” power plant services such as efficiency improvement, remote diagnosis, smart power plants, as well as logistics solutions, raw material supply, professional financial management and financial services. It possesses industrial control system products and solutions, which can offer solutions to hydrogen generation, hydrogen refueling and energy storage systems.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

3. Advanced manufacturing and service capabilities

The Company is determined to promote the transformation of intelligent manufacturing. 20 digital workshops have been built, among which 8 workshops have reached A level. Three scenes such as “Intelligent Process Design for Small Diameter Pipes in Boilers of Large-scale Clean and High-efficiency Power Stations” were selected as the intelligent manufacturing excellence scenes of Ministry of Industry and Information Technology, and the industry’s first 5G fully-connected digital plant was built. The “Dongzhi Tongchuang Co-Plat Industrial Internet Platform” with independent intellectual property right has become the first batch of national-level “double-span” platforms in Sichuan, the first batch in the industry and the first in Chengdu, and has been successfully selected as the provincial digital transformation promotion center in Sichuan for the clean energy equipment industry. On the basis of actively promoting the digitization of its own management, the Company created intelligent power plant solutions by utilizing intelligence as an empowering factor, formed “Intelligent+” product offerings and applied them in more than 20 power plants. By virtue of big data, artificial intelligence and other technologies, the Company constructed a remote service system for diagnosing unit faults, intelligent operation and maintenance, and energy efficiency enhancement.

4. Strong market development ability

The Company has established a two-tier marketing system that is promoted by the headquarters and the affiliated enterprises, and built up a marketing team based on excellent professional talents and a domestic and overseas marketing network oriented towards close proximity to users. The Company’s headquarters have played a leading and coordinating role in planning, while its subsidiaries have developed industrial projects. At the same time, the Company has continued to promote its innovation of marketing models, improved the planning of marketing activities at all levels and in all industries, strengthened its influence among the industry, enhanced social recognition, increased incentives for market development, and strengthened the positive and proactive nature of marketing. The Company has deeply explored its domestic market and promoted the establishment of regional companies in China with its domestic business unremittingly deepening; actively expanded the international market and its overseas marketing organizations and outlets in an orderly manner, resulting in the steady development of its overseas business.

5. Deep culture and branding

After 65 years of development and accumulation, the Company has persisted in the enterprise spirit of “pragmatism, innovation, people and strength”, formed a culture of “Create Together” that is widely recognized by all employees. The Company is committed to the mission of “Green Power, Drive the Future” and the vision of “Rise to be a Global Electric Powerhouse”. Upholding the core value of “Creating value together and sharing success”, the Company mobilizes all employees to accelerate the construction of a world-class enterprise. The Company actively fulfilled its social responsibilities as a state-owned enterprise, improved the brand management system, built the brand value system, optimized the brand communication system, continuously consolidated the brand image, promoted the coordinated development of the brand and culture, and created a first-class brand image with unified and distinct characteristics and user trust. The brand awareness and recognition have been continuously improved. Two trademarks, including the “DEC and Photo”, are well-known trademarks in China, registered and protected by local laws in 25 countries, including Germany, France and Russia.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

V. KEY OPERATION INDICATORS DURING THE REPORTING PERIOD

(I) Analysis of Principal Business

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

Unit: Yuan Currency: RMB

Item	Amount for the period	Amount for the same period last year	Change (%)
Operating income	59,566,526,583.78	54,189,702,709.81	9.92
Operating costs	49,253,168,132.67	45,253,060,298.58	8.84
Administrative 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 values	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
Credit impairment loss	-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 flows from investing activities	6,054,992,356.37	-13,186,238,590.76	N/A
Net cash flows from financing activities	-497,100,687.67	-117,935,819.04	N/A

Reasons for change in operating revenue: The operating revenue for the year increased by 9.92% year on year, mainly due to the increase in the revenue of high-efficient clean energy and the modern manufacturing services segment.

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.

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.

Reasons for change in finance costs: The net exchange gains for the year increased by RMB80 million year on year.

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.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(I) Analysis of Principal Business (Continued)

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

Reasons for change in 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.

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.

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.

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.

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.

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.

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.

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.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(I) Analysis of Principal Business (Continued)

2. Analysis of Revenue and Cost

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

Unit: 0'000 yuan Currency: RMB

Major operations by industry						
Industry	Operating revenue	Operating costs	Gross profit margin (%)	Year-on-year increase/decrease in operating revenue (%)	Year-on-year increase/decrease in operating costs margin (%)	Year-on-year increase/decrease in gross profit margin (%)
Power generation equipment manufacturing industry	6,067,661.34	4,928,649.84	18.77	9.60	8.66	Increase by 0.70 percentage points
Major operations by product						
Product	Operating revenue	Operating costs	Gross profit margin (%)	Year-on-year increase/decrease in operating revenue (%)	Year-on-year increase/decrease in operating costs margin (%)	Year-on-year increase/decrease in gross profit margin (%)
Renewable energy equipment	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

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(I) Analysis of Principal Business (Continued)

2. Analysis of Revenue and Cost (Continued)

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

Major operations by region						
Region	Operating revenue	Operating costs	Gross profit margin (%)	Year-on-year increase/decrease in operating revenue (%)	Year-on-year increase/decrease in operating costs (%)	Year-on-year increase/decrease in gross profit margin (%)
Domestic	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 increase/decrease in operating revenue (%)	Year-on-year increase/decrease in operating costs (%)	Year-on-year 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

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.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(I) Analysis of Principal Business (Continued)

2. Analysis of Revenue and Cost (Continued)

(2) Capacity and sales analysis table

Major products	Unit	Capacity (MW)	Sales (MW)	Inventory (MW)	Capacity increase/ decrease from the previous year (%)	Sales increase/ decrease from the previous year (%)	Inventory increase/ decrease from the previous year (%)
Hydro-generating Unit	MW	5,600.2	5,135	3,320.2	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

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.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(I) Analysis of Principal Business (Continued)

2. Analysis of Revenue and Cost (Continued)

(3) Cost analysis

By industry

Unit: 0'000 yuan Currency: RMB

Industry	Cost composition	Amount for the period	Percentage in total costs for the period (%)	Amount for the same period last year	Percentage in total costs for the same period last year (%)	Percentage change in the amount for the period as compared to the same period last year (%)	Remark
Power generation equipment manufacturing	Raw material costs (procurement cost)	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	

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(I) Analysis of Principal Business (Continued)

2. Analysis of Revenue and Cost (Continued)

(3) Cost analysis (Continued)

By product

Unit: 0'000 yuan Currency: RMB

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

Other explanations on cost composition

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

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(I) Analysis of Principal Business (Continued)

2. Analysis of Revenue and Cost (Continued)

(4) Major Customers in Sales and Major Suppliers

The Company's sales to its top five customers amounted to RMB14,652.6601 million, accounting for 24.15% of the total sales for the year, among which, sales to related parties was RMB0 million, accounting for 0% of the total sales for the year.

The Company's procurement from its top five suppliers amounted to 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.

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

3. Expenses

Unit: Yuan Currency: RMB

Item	Amount for current year	Amount for previous year	Change (%)
Selling expenses	1,587,506,821.55	1,483,454,424.40	7.01
Administrative expenses	3,403,903,282.05	3,117,049,745.75	9.2
R&D expenditure	2,749,527,295.10	2,275,131,662.82	20.85
Finance costs	7,452,005.65	-97,834,499.53	N/A
Income tax expenses	362,454,836.22	313,620,616.00	15.57

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(I) Analysis of Principal Business (Continued)

4. R&D Expenditure

Breakdowns of R&D Expenditure

Unit: Yuan Currency: RMB

	2023
Expensed R&D expenditure for the period	2,749,527,295.10
Capitalized R&D expenditure for the period	636,967,537.29
Total R&D expenditure	3,386,494,832.39
Percentage of total R&D expenditure over revenue (%)	5.68
Percentage of R&D expenditure capitalization (%)	18.81
Number of R&D personnel	4,274
Percentage of R&D personnel in the total number of employees (%)	24.53

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(I) Analysis of Principal Business (Continued)

5. Cash flows

Unit: Yuan Currency: RMB

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

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(II) Analysis of Assets and Liabilities

1. The status of assets and liabilities

Unit: Yuan Currency: RMB

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

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(II) Analysis of Assets and Liabilities (Continued)

1. The status of assets and liabilities (Continued)

Other instructions

- (1) Reasons for change in 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.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(II) Analysis of Assets and Liabilities (Continued)

1. The status of assets and liabilities (Continued)

Other instructions (Continued)

- (10) Reasons for change in 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 32.86% 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.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(II) Analysis on assets and liabilities (Continued)

2. Offshore assets

Assets scale

Among them: offshore assets of 1,111,141,571.95 (Unit: Yuan Currency: RMB), accounting for 0.92% of the total assets.

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

Unit: Yuan Currency: RMB

Item	Balance	Reasons for restrictions
Cash and cash equivalents	2,891,955,295.64	Deposits in the central bank, capital reserves and guarantee deposits
Intangible assets	487,964,665.60	Mortgage borrowings
Total	3,379,919,961.24	

4. The gearing ratio was 65.96% in 2023

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

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(III) Analysis of investment

1. Overall analysis on external equity investment

No.	Name of investee	Principal business	Investment amount (RMB'000)	Major shareholders
1	DEC (Chengdu) Hydrogen Technology Co., Ltd. (東方電氣(成都)氫能科技有限公司有限公司)	Battery manufacturing; battery sales; technical services, technology development, technology consulting, technology exchange, technology transfer, technology promotion; new car sales (commencing operating activities independently with business permits according to laws, except for the activities required for approval in accordance with laws).	46,000.00	DEC Dongfang Boiler Group Co., Ltd. (東方電氣集團東方鍋爐股份有限公司), Dongfang Electric Corporation Limited, Sichuan Provincial Investment Group Co., Ltd., etc.
2	DEC Yangtze River Delta (Hangzhou) Innovation and Research Institute Co., Ltd.* (東方電氣長三角(杭州)創新研究院有限公司)	Technical services, technology development, technology consulting, technology transfer, technology promotion; solar power generation technology services; photovoltaic equipment and components manufacturing; photovoltaic equipment and components sales; emerging energy technology research and development, equipment manufacturing, sales; semiconductor devices, special equipment manufacturing, and sales; energy storage technology services; new material technology research and development; new materials technology promotion services; water pollution control; air pollution control; solid waste management; resource recycling technology R&D; energy conservation management services; engineering management services; industrial design services; intellectual property services; carbon emission reduction, carbon transformation, carbon capture, carbon sequestration technology R&D.	4,000.00	DEC Academy of Science and Technology Co., Ltd. (東方電氣集團科學技術研究院有限公司)

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(III) Analysis of investment (Continued)

1. Overall analysis on external equity investment (Continued)

No.	Name of investee	Principal business	Investment amount (RMB'000)	Major shareholders
3	Oriental Electric Fine Electronic Materials (Deyang) Co., Ltd. (東方電氣精細電子材料(德陽)有限公司)	Technology research and development, services, consulting and transfer in the field of coal gasification and the clean use of coal; chemical petrochemical and pharmaceutical professional construction engineering design, chemical and petroleum construction engineering construction; sales of coal gasification equipment; sales and technology development, technology transfer, technology consulting, technical services of energy storage systems and new energy materials, new energy and related products.	10,300.00	Dongfang Electric Jieneng Technology Chengdu Co., Ltd. (東方電氣潔能科技成都有限公司)
4	Hainan Yangpu Offshore Wind Power Industry Development Co., Ltd.* (海南洋浦海上風電產業發展有限公司)	Import and export of goods; import and export agency; manufacture and sale of new energy prime movers; technical services, development, consultation, exchange, transfer and promotion; leasing services; research and development of emerging energy technologies; park management services.	5,500.00	Dongfang Electric Wind Power Share Co., Ltd. (東方電氣風電股份有限公司), China Datang Corporation Renewable Power Co., Limited* (中國大唐集團新能源股份有限公司)

(1) Significant equity investment

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

(2) Significant non-equity investment

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

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(III) Analysis of investment (Continued)

1. Overall analysis on external equity investment (Continued)

(3) Financial assets at fair value measurement

Unit: Yuan Currency: RMB

Asset type	Amount at the beginning of period	Profit or loss from change in fair value for the period	Cumulative change of fair value recorded in equity for the period	Provision impairment for the period	Amount purchased for the period	Amount sold/ redeemed for the period	Other changes	Amount at the end of period
Trading financial assets	1,031,815,888.77	85,064,728.63			402,478,388.46	652,182,066.74		867,176,939.12
Other investments in equity instruments	643,319,010.30		-151,444,547.04		4,000,000.00			495,874,463.26
Derivative financial liabilities	2,725,701.24					2,725,701.24		0.00
Total	1,677,860,600.31	85,064,728.63	-151,444,547.04	0.00	406,478,388.46	654,907,767.98	0.00	1,363,051,402.38

Securities Investment

Unit: 0'000 yuan Currency: RMB

Type	Stock Code	Stock short name	Initial investment cost	Funding source	Carrying amount at the beginning of the period	Profit or loss from change in fair value for the period	Cumulative change of fair value recorded in equity for the period	Amount purchased for the period	Amount sold for the period	Investment profit or loss for the period	Carrying amount at the end of the period	Classification in accounting
Stock	601179	China XD Electric Co., Ltd.	1,010.77	Self-owned	667.07	46.30	0.00	0.00	0.00	0.00	713.37	Trading financial assets
Stock	000883	Hubei Energy Group Co., Ltd.	189.79	Self-owned	119.87	0.86	0.00	0.00	0.00	0.00	120.73	Trading financial assets
Stock	600995	Southern Power Grid Energy Storage	54,000	Self-owned	57,101.90	0.00	-15,144.45	0.00	0.00	0.00	41,957.45	Other equity instrument investments
Stock	601005	Chongqing Iron & Steel	64.93	Self-owned	47.72	-5.74	0.00	0.00	0.00	0.00	41.98	Trading financial assets
Stock	601328	Bank of Communications	2,302.62	Self-owned	8,106.89	2,514.16	0.00	0.00	10,621.06	-845.04	0.00	Trading financial assets
Bonds			34,000.00	Self-owned	24,486.74	713.94	0.00	20,000.00	9,000.00	9.11	36,200.68	Trading financial assets
Fund			120,276.32	Self-owned	69,746.16	5,286.23	0.00	20,000.00	45,597.15	-5,104.57	49,435.24	Trading financial assets
Total	/	/	211,844.43		160,276.35	8,555.76	-15,144.45	40,000.00	65,218.21	-5,940.50	128,469.45	/

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(III) Analysis of investment (Continued)

1. Overall analysis on external equity investment (Continued)

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

Derivatives investment

Unit: 0'000 yuan Currency: RMB

Item	Amount of contracts held at the end of the year	Market value of contracts held at the end of the year	Actual profit or loss for the year	Floating profit and loss	Cumulative transaction amount for the year
Forward exchange settlement	0.00	0.00	-2,024.73		57,954.05

(IV) Analysis of major controlling subsidiaries and investees

Currency: RMB

Subsidiary name	Closing balance (100 million yuan)					
	Current assets	Non-current assets	Total assets	Current Liabilities	Non-current liabilities	Total liabilities
Dongfang Electric Finance Co., Ltd.	162.35	248.58	410.93	373.66	0.03	373.69
DEC Dongfang Steam Turbine Co., Ltd.	253.75	57.5	311.25	217.29	12.77	230.06
DEC Dongfang Boiler Group Co., Ltd.	245.03	36.4	281.43	169.4	18.69	188.09
DEC Dongfang Electric Machinery Co., Ltd.	194.76	41.6	236.36	150.15	16.92	167.07
Dongfang Electric Wind Power Co., Ltd.	144.71	40.53	185.24	141.19	27.75	168.94
Dongfang Electric (Guangzhou) Heavy Machine Co., Ltd.	37.06	8.2	45.26	25.2	3.25	28.45
Dongfang Electric Automatic Control Engineering Co., Ltd.	28.05	8.26	36.31	24.12	0.78	24.9

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

VI. DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT OF THE COMPANY

(I) Structure and trend of the industry

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

According to the National Energy Working Conference, we will adhere to the general principle of seeking progress with stability for the energy work in 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.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

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

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.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(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.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(III) Business Plan (Continued)

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.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(III) Business Plan (Continued)

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 firmly promote the strategy of leading talents and focus on scientific and technological innovation to continuously improve the accuracy of talent recruitment and introduction. We will deepen the construction of talent zones and strive to establish 1-2 internal talent zones within subsidiary companies, taking the lead in talent development, motivation, empowerment, and management models. We will continue to strengthen the construction of core talent teams, establish and strengthen the company's core talent pool, innovate mechanisms, and tailor personalized training plans, effectively improving the results of talent development and accelerating the development of core talent competitiveness.

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.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(IV) Possible Risks

1. Risk of international operation

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.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(IV) Possible Risks (Continued)

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.

VII. OTHER EVENTS

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

(I) Directors and Supervisors

Please refer to Section IX headed “Directors, Supervisors, Senior Management and Employees” for list of members regarding the Board of Directors, the Supervisory Committee in 2023.

(II) Changes in information of the Directors

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

Mr. Xu Peng resigned from his positions as Director and president of the Company on 3 February 2023.

Mr. Song Zhiyuan has served as a Director of the Company since 24 February 2023.

Mr. Feng Yong resigned from his position as the Supervisor and chairman of the Supervisory Committee of the Company on 13 March 2023, and has served as the secretary to the Board of the Company since the same day.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

VII. OTHER EVENTS (CONTINUED)

(II) Changes in information of the Directors (Continued)

Ms. Liang Shuo has served as a Supervisor of the Company since 30 March 2023.

Mr. Wang Weimin ceased to serve as a vice president of the Company on 9 June 2023.

Mr. Wang Jun and Mr. Li Jianhua has served as vice presidents of the Company since 27 September 2023.

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

(III) Share Incentive Scheme

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

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

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

(IV) Permitted Indemnity Provisions

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

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

None of Directors or Supervisors had material interests in the material contracts with the Company or any subsidiaries of the Company as a party (as defined in Appendix D2 to the Listing Rules) has or had material interest, either directly or indirectly, during or at the end of the year.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

VII. OTHER EVENTS (CONTINUED)

(VI) Key Relationships with Persons with Significant Impact

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

(VII) Corporate Social Responsibility

For details, please refer to the Social Responsibility Report of Dongfang Electric Corporation Limited for 2023 (《東方電氣股份有限公司2023社會責任報告》) in the Company’s overseas regulatory announcement which is published on the website of the Stock Exchange.

(VIII) Distributable Reserves

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

(IX) Major Acquisition or Disposal

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

(X) Compliance with Laws and Regulations

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

(XI) Donations

For the year ended 31 December 2023, the Group made charitable and donations of approximately RMB24.2692 million.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

VII. OTHER EVENTS (CONTINUED)

(XII) 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.

REPORT OF THE SUPERVISORY COMMITTEE

Dear Shareholders,

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

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

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

Details of the meetings are set out as follows:

1. The 13th meeting of the tenth session of the Supervisory Committee was held in Chengdu on 11 January 2023 with attendance by all 3 supervisors. The meeting considered and approved two resolutions in relation to the comprehensive budget plan of the Company and the write-off of creditor's rights of Amarkantak Phase II and Babandi project in India.
2. The 14th meeting of the tenth session of the Supervisory Committee was held in Chengdu on 30 March 2023 with attendance by all 3 supervisors. Seven resolutions in relation to the election of the chairman of the supervisory committee of the Company, the 2022 appraisal report of internal control and the audit report on internal control of the Company, and the 2022 work report of the supervisory committee of the Company were considered and approved at the meeting.
3. The 15th meeting of the tenth session of the Supervisory Committee was held in Chengdu on 3 April 2023 with attendance by all 3 supervisors. 15 resolutions in relation to the proposed grant of general mandate to the Board to issue shares at the general meeting, and the satisfaction of the conditions for the Company to issue A shares to specific targets were considered and approved at the meeting.
4. The 16th meeting of the tenth session of the Supervisory Committee was held in Chengdu on 28 April 2023 with attendance by all 3 supervisors. The meeting considered and approved two resolutions such as the 2023 first quarterly financial report (unaudited) of the Company.

REPORT OF THE SUPERVISORY COMMITTEE (CONTINUED)

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

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

5. The 17th meeting of the tenth session of the Supervisory Committee was held in Chengdu on 29 August 2023 with attendance by all 3 supervisors. The meeting considered and approved two resolutions such as the 2023 interim financial report (unaudited) of the Company.
6. The 18th meeting of the tenth session of the Supervisory Committee was held in Chengdu on 27 October 2023 with attendance by all 3 supervisors. Four resolutions such as the 2023 third quarterly financial report (unaudited) of the Company were considered and approved at the meeting.
7. The 19th meeting of the tenth session of the Supervisory Committee was held in Chengdu on 14 November 2023 with attendance by all 3 supervisors. The resolution in relation to the adjustment to the cap of the daily continuing connected transactions for 2023-2024 of the Company was considered and approved at the meeting.

REPORT OF THE SUPERVISORY COMMITTEE (CONTINUED)

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

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

In 2023, members of the Supervisory Committee of the Company attended 4 general meetings and attended 8 on-site Board meetings. It timely grasped and understood the decision-making of enterprise operations and major issues, supervised and inspected the compliance, legality, and lawful operation of decisions from a procedural perspective, and conscientiously fulfilled the supervisory function. The Supervisory Committee considered that the procedures for convening and holding the general meetings and the Board meetings were in compliance with relevant laws, regulations and the relevant provisions of the Articles of Association; the Directors and senior management was capable of strictly implementing the resolutions of the general meeting and the Board meetings and the Supervisory Committee did not notice any violations of national laws and regulations, the Articles of Association and other conducts that undermined the interests of the Company and its shareholders.

2. The Supervisory Committee's Independent Opinions on the Annual Work Report of the Company

During the Reporting Period, the Supervisory Committee regularly listened to reports on the work of the Company, which disclosed the Company's profitability, shareholders' holding reduction, and other information that investors were concerned about. The Supervisory Committee was requested to communicate with investors, disclose relevant information with caution, and prevent the risk of stock price fluctuations. It is believed that the preparation process of the Company's 2023 annual report complies with the provisions of laws, regulations, and normative documents, and the report content truthfully and objectively reflects the Company's major business management and financial situation during the Reporting Period.

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

During the Reporting Period, the Supervisory Committee listened to the comprehensive budget plan for the year 2023 and the financial final report for the year 2022, and the quarterly financial reports regularly. Supervisors paid attention to changes in the Company's profits, changes in major operating indicators, and provisions for impairment, and urged risk control to prevent adverse effects on business activities. It is believed that the preparation and approval procedures for the Company's comprehensive budget plan, financial final report, and quarterly financial report for the year 2023 were in compliance with relevant regulations, and the standard unqualified audit report issued by Da Hua Certified Public Accountants LLP objectively and truthfully reflected the Company's financial condition and operating results.

REPORT OF THE SUPERVISORY COMMITTEE (CONTINUED)

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

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

During the Reporting Period, the Supervisory Committee diligently supervised the resolution on the issuance of A shares to specific targets involving related party transactions, and other matters such as annual daily continuing related party transactions, and considered that the company's related party transactions entered into based on the principles of openness, fairness and justice, and in compliance with relevant national laws, regulations, and the Articles of Association. The related party transactions of the Company were fair and reasonable with sufficient information disclosure, and no conducts that undermined the interests of the Company and its shareholders were identified.

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

The Supervisory Committee carefully considered the Company's the Internal Control Assessment Report and Internal Control Audit Report for 2023, and was of the opinion of that the Company had established a relatively sound internal control system which can meet the current management requirements and development needs of the Company and can be effectively executed, and the Internal Control Assessment Report and Internal Control Audit Report of the Company for 2023 truly and objectively reflected the development and operation of the internal control system of the Company.

6. The Supervisory Committee's Independent Opinions on 2023 Annual Profit Distribution

The Supervisory Committee carefully considered the 2023 profit distribution plan of the Company and the explanation of relevant opinions on the dividend distribution, and was of the opinion of that the profit distribution plan for 2023 was in compliance with the relevant laws and regulations, as well as the Articles of Association of the Company; the decision-making procedure thereof was in according with relevant regulations and in the interests of the Shareholders as a whole and met the production and operation needs of the Company.

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

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

REPORT OF THE SUPERVISORY COMMITTEE (CONTINUED)

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

8. The Supervisory Committee's Independent Opinions on the Issuance of the Company's A Shares

During the Reporting Period, the Supervisory Committee considered the Company's plan to issue A shares to specific targets, the feasibility analysis report on the Company's plan to issue A shares to specific targets, and the feasibility analysis report on the use of proceeds raised from the Company's issuance of A shares to specific targets. It is believed that the Company's stock issuance has fulfilled relevant procedures and complies with the relevant provisions of laws, regulations, and normative documents such as the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, and the Measures for the Administration of Securities Issuance and Registration of Listed Companies, as well as the actual operational needs of the Company.

III. WORK GUIDELINE OF THE SUPERVISORY COMMITTEE IN 2024

In 2024, the Supervisory Committee of the Company will continue to perform its supervisory duties diligently and conscientiously in strict compliance with the relevant provisions and requirements of the Company Law, the Securities Law and the Articles of Association, so as to effectively safeguard the interests of the Company and all Shareholders and promote the sustainable and healthy development of the Company.

1. Strengthen theoretical guidance and enhance theoretical learning

- (1) Deeply study Xi Jinping's ideology of socialism with Chinese characteristics in the new era and the spirit of the 20th National Congress of the Communist Party of China, study and implement the spirit of the Central Economic Work Conference, implement the specific requirements of the Group's high-quality development and accelerating the construction of world-class enterprises, adhere to the integration of learning, thinking and application, consciously integrate political theory learning into practical work, transform the learning results into practical actions to promote the high-quality development of the Company, and fully exert the supervisory and performance ability of supervisors.
- (2) Study the newly revised Company Law, study the new changes and requirements of the supervisory committee in the corporate governance system after the revision of the Company Law, conduct special research, study and formulate measures for supervision, and fulfill the responsibilities of supervisors.

REPORT OF THE SUPERVISORY COMMITTEE (CONTINUED)

III. WORK GUIDELINE OF THE SUPERVISORY COMMITTEE IN 2024 (CONTINUED)

2. Expand the scope of supervision and enhance its effectiveness. Integrate the supervision of supervisors into all aspects of the Company's production and operation management throughout the entire process, carry out comprehensive supervision on major decisions of the Company, including production and operation, financial management, investment and financing matters, internal control management, risk control, etc., fully leverage the supervisory role of the supervisory committee, promote the scientific decision-making of the Company, and normalize risk prevention.
3. Highlight responsibility positioning and innovate supervision methods. Adhere to the combination of daily supervision and special supervision, and fully leverage the important role of the supervisory committee in improving the corporate governance structure and safeguarding the rights and interests of state-owned assets.
4. Consolidate the foundation of supervision and strengthen team building. According to the requirements of the State-owned Assets Supervision and Administration Commission and other higher-level departments, timely participate in training organized by relevant departments and universities to enhance supervision and performance, implement the new requirements for the transformation of supervisory methods and functional responsibilities after the promulgation of the new Company Law, and continuously enhance the effectiveness of supervision.

The Supervisory Committee of Dongfang Electric Corporation Limited
27 March 2024

CORPORATE GOVERNANCE

I. EXPLANATION ON MATTERS REGARDING CORPORATE GOVERNANCE

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

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

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

1. In relation to shareholders and general meetings

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

2. In relation to Directors and the Board of Directors

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

CORPORATE GOVERNANCE (CONTINUED)

I. EXPLANATION ON MATTERS REGARDING CORPORATE GOVERNANCE (CONTINUED)

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

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

3. In relation to Supervisors and the Supervisory Committee

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

4. In relation to stakeholders

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

CORPORATE GOVERNANCE (CONTINUED)

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

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

III. DISCLOSURE OF SELF-ASSESSMENT REPORT ON INTERNAL CONTROL

For details, please refer to the overseas regulatory announcement on the 2023 Assessment Report on Internal Control of the Company disclosed on the website of the Stock Exchange.

IV. EXPLANATION OF AUDIT REPORT ON INTERNAL CONTROL

For details, please refer to the overseas regulatory announcement on the 2023 Audit Report on Internal Control of the Company disclosed on the website of the Stock Exchange.

V. CORPORATE GOVERNANCE REPORT

Corporate governance practices

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

The Company has adopted all the applicable code provisions in the Corporate Governance Code (the “CG Code”) as set out in Appendix C1 to the Hong Kong Listing Rules. The Directors are of the view that, during the Reporting Period, the Company has complied with all the applicable code provisions as set out in the CG Code.

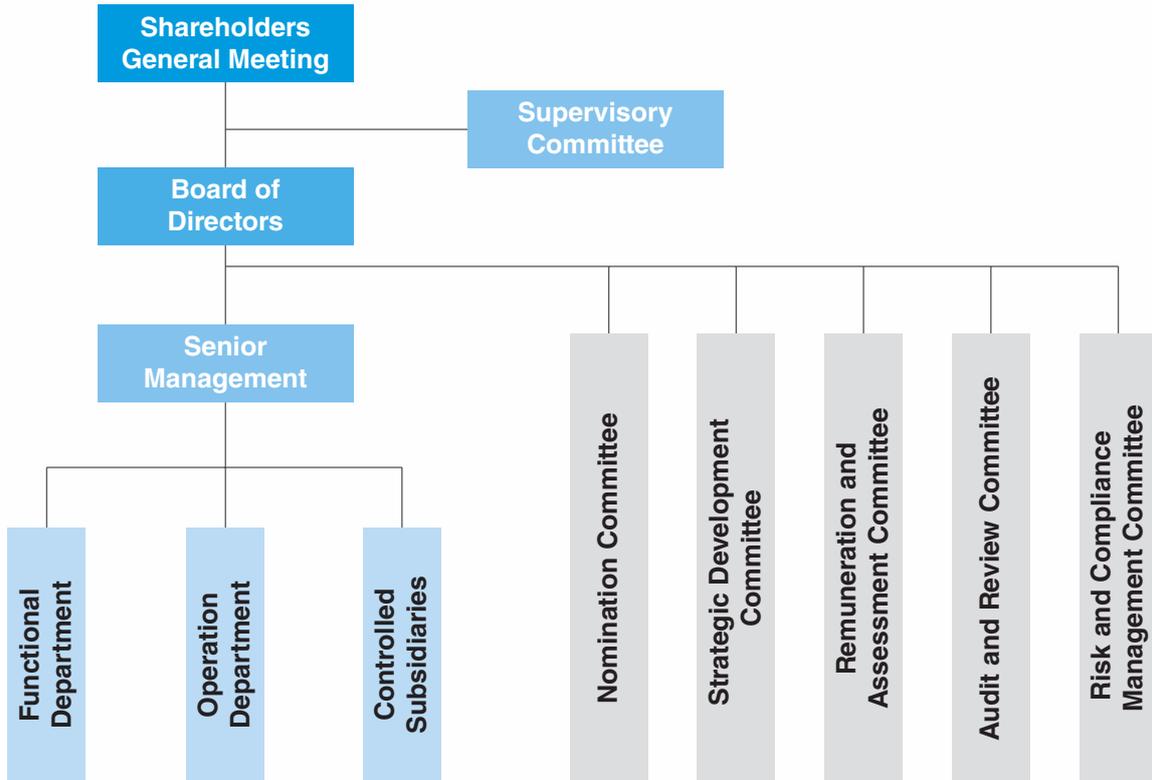
The documents related to corporate governance of the Company include the Articles of Association, Rules for Procedure of the General Meeting, Rules for Procedure of the Board, Rules for Procedure of the Supervisory Committee, Regulations for the Work of the Special Committees under the Board and Regulations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

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

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



CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

1. General Meeting

As the highest authority of the Company, the general meeting performs its functions and power in determining the material events of the Company under the laws. The AGM or EGM provides a direct communication channel for the Board and the shareholders. Hence, the Company regards highly of the shareholders' general meetings. Notice of meetings will be delivered before convening. All Directors and members of senior management are requested to attend as far as possible. The Company encourages all shareholders to attend the shareholders' meeting and welcomes shareholders to express their opinions in the meeting. The details of the shareholders' general meeting of the Company in 2023 are as follows:

Session of Meeting	Date	Resolutions	Voting results	Designated website for publication of resolutions	Publication date of resolutions
The 2023 first extraordinary general meeting	24 February 2023	The following resolution was considered at the meeting by way of special resolution:		www.sse.com.cn www.hkexnews.hk	25 February 2023
		1. To consider and approve the resolution on the Repurchase and Cancellation of Certain Restricted Shares	Approved		
		The following resolution was considered at the meeting by way of ordinary resolution:			
		2. To elect Song Zhiyuan as a member of the tenth session of the Board of the Company	Approved		
The 2023 first A Shares class meeting	24 February 2023	The following resolution was considered at the meeting by way of special resolution:		www.sse.com.cn www.hkexnews.hk	25 February 2023
		1. To consider and approve the resolution on the Repurchase and Cancellation of Certain Restricted Shares	Approved		

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

1. General Meeting (Continued)

Session of Meeting	Date	Resolutions	Voting results	Designated website for publication of resolutions	Publication date of resolutions
The 2023 first H Shares class meeting	24 February 2023	The following resolution was considered at the meeting by way of special resolution: 1. To consider and approve the resolution on the Repurchase and Cancellation of Certain Restricted Shares	Approved	www.sse.com.cn www.hkexnews.hk	25 February 2023
The 2023 second extraordinary general meeting	30 March 2023	The following resolution was considered at the meeting by way of ordinary resolution: 1. To elect Liang Shuo as a member of the tenth session of the Supervisory Committee of the Company	Approved	www.sse.com.cn www.hkexnews.hk	31 March 2023
The 2023 third extraordinary general meeting	20 April 2023	The following resolutions were considered at the meeting by way of special resolution: 1. To consider and approve the grant of the General Mandate to issue Shares to the Board 2. To consider and approve the resolution on the Company's compliance with the conditions of Issuance of A Shares to Specific Targets 3. To consider and approve the Issuance of A Shares to Specific Targets: 3.1 type and carrying value of the Issuance of A Shares to Specific Targets 3.2 method and time of issuance 3.3 Specific Investors 3.4 issue price and principles of pricing 3.5 number of new A Shares to be issued 3.6 lock-up period arrangement 3.7 listing place 3.8 arrangement for distribution of accumulated profits 3.9 amount and use of proceeds 3.10 validity of the resolutions in respect of the Issuance of A Shares to Specific Targets	Approved Approved Approved Approved Approved Approved Approved Approved Approved Approved Approved Approved Approved Approved	www.sse.com.cn www.hkexnews.hk	21 April 2023

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

1. General Meeting (Continued)

Session of Meeting	Date	Resolutions	Voting results	Designated website for publication of resolutions	Publication date of resolutions
		4. To consider and approve the resolution on the Demonstration and Analysis Report on the Plan for the Issuance of A Shares to Specific Targets	Approved		
		5. To consider and approve the resolution in relation to the Issue Proposal	Approved		
		6. To consider and approve the resolution on the Feasibility Analysis Report	Approved		
		7. To consider and approve the resolution on the Special Report on the Use of Previously Raised Proceeds of the Company	Approved		
		8. To consider and approve the resolution in relation to the connected transactions contemplated under the Issuance of A Shares to Specific Targets	Approved		
		9. To consider and approve the DEC Group Subscription Agreement and the Proposed DEC Group Subscription contemplated thereunder	Approved		
		10. To consider and approve the DEC Group Assets Acquisition Agreement and the Proposed Assets Acquisition contemplated thereunder	Approved		
		11. To consider and approve the Compensation Agreement and the transactions contemplated thereunder	Approved		
		12. To consider and approve the resolution on the remedial measures for the dilution of immediate returns upon the Issuance of A Shares to Specific Targets and undertakings by the relevant persons	Approved		
		13. To consider and approve the resolution on the independence of Valuer, reasonableness of the assumptions of the valuation, correlation between the approach and purpose of the valuation and fairness of the basis of the consideration	Approved		

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

1. General Meeting (Continued)

Session of Meeting	Date	Resolutions	Voting results	Designated website for publication of resolutions	Publication date of resolutions
		14. To consider and approve the resolution on the audit reports and the Valuation Reports in respect of the Relevant Companies	Approved		
		15. To consider and approve the resolution on the authorisation to the Board and its authorised person(s) at the general meeting to deal with matters relevant to the Issuance of A shares to Specific Targets	Approved		
		16. To consider and approve the resolution on the Company's Plan on Shareholders' Return for the Upcoming Three Years (2023-2025)	Approved		
2022 annual general meeting	28 June 2023	The following resolutions were considered at the meeting by way of ordinary resolution:		www.sse.com.cn www.hkexnews.hk	29 June 2023
		1. To consider and approve the resolution on the 2022 work report of the Board of the Company	Approved		
		2. To consider and approve the resolution on the 2022 work report of the Supervisory Committee of the Company	Approved		
		3. To consider and approve the resolution on the 2022 annual report of the Company	Approved		
		4. To consider and approve the resolution on the 2022 profit distribution plan of the Company	Approved		
		5. To consider and approve the resolution on the 2022 audited financial statements of the Company	Approved		
		6. To consider and approve the resolution on the 2023 financial budget and investment plan of the Company	Approved		
The 2023 fourth extraordinary general meeting	26 October 2023	The following resolution was considered at the meeting by way of ordinary resolution:		www.sse.com.cn www.hkexnews.hk	27 October 2023
		1. To appoint BDO China Shu Lun Pan Certified Public Accountants LLP as the auditor of the Company and authorise the board of directors of the Company to determine its remuneration	Approved		

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

2. Board of Directors

(1) *Division of Responsibilities*

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

(2) *Composition*

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

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

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

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

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

2. Board of Directors (Continued)

(2) Composition (Continued)

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

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

Designation	Executive Directors (5)	Independent non-executive Directors (3)		
Gender	Male (8)	Female (0)		
Ethnicity	Han (8)			
Age	45-50 (0)	51-55 (4)	56-60 (1)	61 or above (3)
Directorship with the Company (Years)	under 3 years (6)	4-6 years (2)	10-12 years (0)	
Skills, knowledge and profession	Accountant (1), Appraiser (1), Engineer (5) and Business administration management (1)			
Education background	Doctor (4), Master (2) and Bachelor (2)			

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

(3) Policy concerning diversity of Board members

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

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

2. Board of Directors (Continued)

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

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

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

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

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

The Board and the Nomination Committee have reviewed the implementation and effectiveness of the Board diversity policy and considered it to be effective for the year ended 31 December 2023.

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

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

2. Board of Directors (Continued)

(4) *Corporate governance functions*

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

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

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

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

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

(5) *Directors*

The election of Directors

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

Directors' responsibilities and duties

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

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

2. Board of Directors (Continued)

(5) Directors (Continued)

Directors' responsibilities and duties (Continued)

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

Securities transactions by Directors and Supervisors

The Company has adopted a code of conduct regarding securities transactions by Directors and Supervisors of the Company as set out in the Model Code. Having made specific enquiry to all Directors and Supervisors of the Company, the Company confirms that, as of 31 December 2023, all Directors and Supervisors of the Company had complied with the provisions regarding the securities transactions by Directors and Supervisors as set out in the Model Code.

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

Director's service contract

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

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

2. Board of Directors (Continued)

(6) Meeting of the Board of Directors

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

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

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

Name	Independent Director or not	Required attendance during the year	Attendance at the Board meetings				Absence in person for twice consecutively	Attendance at general meetings
			Attendance in person	Attendance by communication equipment	Attendance by proxy	Absence		
Yu Peigen	No	11	5	5	1	0	No	2
Xu Peng	No	1	0	0	1	0	No	0
Song Zhiyuan	No	9	5	4	0	0	No	2
Liu Zhiquan	No	11	5	5	1	0	No	0
Zhang Jilie	No	11	5	5	1	0	No	1
Zhang Yanjun	No	11	4	5	2	0	No	1
Liu Dengqing	Yes	11	5	5	1	0	No	1
Huang Feng	Yes	11	6	5	0	0	No	2
Ma Yongqiang	Yes	11	6	5	0	0	No	1
Zeng Daorong	Yes	0	0	0	0	0	No	0

Notes:

1. Xu Peng resigned as director and president of the Company in February 2023;
2. Song Zhiyuan was elected as a director of the Company in February 2023;
3. Zhang Jilie retired in January 2024;
4. Ma Yongqiang resigned as an independent director of the Company in December 2023 and ceased to perform his duties as an independent director in February 2024;
5. Zeng Daorong was appointed as an independent director of the Company in February 2024.

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

2. Board of Directors (Continued)

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

Number of Board meetings convened during the year	11
Among which: number of meetings convened on-site	6
Number of meetings convened by communication equipment	5
Number of meetings convened by a combination of the above two means	0

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

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

3. Special committees of the Board

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

(1) Audit and Review Committee

The main duties of the Audit and Review Committee are:

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

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

3. Special committees of the Board (Continued)

(1) Audit and Review Committee (Continued)

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

In 2023, the Audit and Review Committee held a total of 6 meetings, at which the Resolution on the Overall Budget for 2023, the Resolution on the Financial Final Account Report for 2022, the Resolution on the First Quarterly Financial Report (Unaudited) for 2023, the Resolution on the Half Year Financial Report (Unaudited) for 2023, the Resolution on the Third Quarterly Financial Report (Unaudited) for 2023, etc. were considered and approved.

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

Name	Position	Required attendance in 2023	Actual Attendance
Ma Yongqiang	Chairman of the committee and convener	6	6
Liu Dengqing	Member of the committee	6	6
Huang Feng	Member of the committee	6	6

Note: On 5 February 2024, after consideration and approval by the Board, the personnel of the Audit and Review Committee was adjusted to Zeng Daorong (chairman and convener), Liu Dengqing and Huang Feng.

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

3. Special committees of the Board (Continued)

(2) *Strategic Development Committee*

The main duties of the Strategic Development Committee are:

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

The members of the Strategic Development Committee of the tenth session of the Board are Mr. Yu Peigen (chairman and convener), Director Mr. Xu Peng (Mr. Xu Peng resigned as a member of the Strategic Development Committee in February 2023), Mr. Zhang Jilie (Mr. Zhang Jilie has resigned as a member of the Strategic Development Committee in January 2024), Mr. Zhang Yanjun, all being the Directors, and Mr. Huang Feng, independent non-executive Director.

In 2023, the Strategic Development Committee held a total of 4 meetings, at which the Resolution on Capital Increase from Dongfang Boiler to Dongfang Hydrogen and Capital Increase of Dongfang Hydrogen, Resolution on the Overall Plan of Bond Issuance of the Company for the Year of 2023, etc. were considered and approved.

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

3. Special committees of the Board (Continued)

(2) *Strategic Development Committee (Continued)*

Members of the Strategic Development Committee and attendance at its meetings

Name	Position	Required attendance in 2023	Actual Attendance
Yu Peigen	Chairman of the committee and convener	4	4
Xu Peng	Member of the committee	1	1
Zhang Jilie	Member of the committee	4	4
Zhang Yanjun	Member of the committee	4	4
Huang Feng	Member of the committee	4	4

Note: On 5 February 2024, after consideration and approval by the Board, the personnel of the Strategic Development Committee was adjusted to Yu Peigen (chairman and convener), Sun Guojun, Zhang Yanjun and Huang Feng.

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

3. Special committees of the Board (Continued)

(3) *Remuneration and Assessment Committee*

The main duties of the Remuneration and Assessment Committee are:

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

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

3. Special committees of the Board (Continued)

(3) Remuneration and Assessment Committee (Continued)

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

During the year of 2023, the Remuneration and Assessment Committee convened 2 meetings to mainly consider the Resolution on the 2022 Performance Assessment and the Proposed Plan for 2021-2022 Term Assessment Results for Company's Senior Executives, the Resolution on the Proposed Plan for the 2023-2025 Term and Contractualized Management of the Company's Senior Executives, the Resolution on the Appraisal and Fulfillment of Remuneration in 2022 and 2021-2022 Term Incentives of the Company's Senior Executives, and the Resolution on the Unlocking of Reserved Shares under the Restricted A Share Incentive Scheme for 2019, etc.

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

Name	Position	Required attendance in 2023	Actual Attendance
Huang Feng	Chairman of the committee	2	2
Liu Dengqing	Member of the committee	2	2
Ma Yongqiang	Member of the committee	2	2

Note: On 5 February 2024, after consideration and approval by the Board, the personnel of the Remuneration and Assessment Committee was adjusted to Huang Feng (chairman and convener), Liu Dengqing and Zeng Daorong.

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

3. Special committees of the Board (Continued)

(4) *Risk and Compliance Management Committee*

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

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

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

3. Special committees of the Board (Continued)

(4) Risk and Compliance Management Committee (Continued)

During the Reporting Period, the members of the Risk and Compliance Management Committee under the tenth session of the Board of Directors comprises of the Chairman of the Board Mr. Yu Peigen (chairman and convener), independent non-executive Directors Mr. Huang Feng, Mr. Liu Dengqing and Mr. Ma Yongqiang.

During the year of 2023, the Risk and Compliance Management Committee convened 2 meetings to consider and approve the Resolution on the Report on the Work Status of the Construction of the Company's Internal Control System for the Year 2022, Resolution on the Report on the Assessment of Internal Control and the Audit Report on the Internal Control of the Company for 2022, and Resolution on the Revision of the Internal Control Risks and Compliance Management Measures of the joint-stock company, agreed to submit the same to the Board of Directors for consideration.

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

Name	Position	Required attendance in 2023	Actual Attendance
Yu Peigen	Chairman of the committee	2	2
Liu Zhiquan	Member of the committee	2	2
Liu Dengqing	Member of the committee	2	2
Huang Feng	Member of the committee	2	2
Ma Yongqiang	Member of the committee	2	2

Note: On 5 February 2024, after consideration and approval by the Board, the personnel of the Risk and Compliance Management Committee was adjusted to Yu Peigen (chairman), Liu Zhiquan, Liu Dengqing, Huang Feng and Zeng Daorong.

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

3. Special committees of the Board (Continued)

(5) *Nomination Committee*

The main duties of the Nomination Committee are:

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

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

3. Special committees of the Board (Continued)

(5) *Nomination Committee (Continued)*

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

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

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

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

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

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

3. Special committees of the Board (Continued)

(5) Nomination Committee (Continued)

During the Reporting Period, the members of the Nomination Committee under the tenth session of the Board of Directors comprises of independent non-executive Directors Mr. Liu Dengqing (chairman and convener), Mr. Huang Feng and Mr. Ma Yongqiang.

During the year of 2023, the nomination committee convened 3 meetings to consider and approve the Resolution on the Appointment of Chief Accountant, the Resolution on the Controlling Shareholder's Nomination of Song Zhiyuan as a Candidate for Director, Resolution on the Appointment of Secretary of the Board of Directors of the Joint Stock Company, the Resolution on the Appointment of Wang Jun as the Vice President of the Company, the Resolution on the Appointment Li Jianhua as the Vice President of the Company..

Members of the Nomination Committee and attendance at its meeting

Name	Position	Required attendance in 2023	Actual Attendance
Liu Dengqing	Chairman of the committee	3	3
Huang Feng	Member of the committee	3	3
Ma Yongqiang	Member of the committee	3	3

Note: On 5 February 2024, after consideration and approval by the Board, the personnel of the Nomination Committee was adjusted to Liu Dengqing (chairman and convener), Huang Feng and Zeng Daorong.

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

4. Duties of the Management Team

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

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

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

5. Secretary to the Board and Company Secretary

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

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

On 13 March 2023, Mr. Gong Dan ceased to be the secretary to the Board of the Company as he had reached the statutory retirement age; the Board also announced that, as nominated by the Nomination Committee of the Board of the Company, at the 24th meeting of the tenth session of the Board, the Board agreed to appoint Mr. Feng Yong as the secretary to the Board of the Company with immediate effect. On 7 June 2023, Mr. Feng Yong and Ms. So Ka Man were appointed as joint company secretaries of the Company.

During the Reporting Period, Mr. Feng Yong and Ms. So Ka Man have confirmed that they have received relevant professional trainings for not less than 15 hours.

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

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

During the Reporting Period, the Company provides special training channels for all the Directors including Mr. Yu Peigen, Mr. Xu Peng (Mr. Xu Peng resigned as a director in February 2023), Mr. Song Zhiyuan, Mr. Liu Zhiquan, Mr. Zhang Jilie (Mr. Zhang Jilie has resigned as a director in January 2024), Mr. Zhang Yanjun, Mr. Huang Feng, Mr. Liu Dengqing, Mr. Ma Yongqiang (Mr. Ma Yongqiang ceased to perform his duties as an independent director in February 2024), Supervisors (including Mr. Wang Zhiwen, Mr. Hu Weidong and Ms. Liang Shuo), and senior management to participate in institutions such as the Shanghai Stock Exchange, China Securities Regulatory Bureau, and Listed Company Association. Training materials were prepared and distributed for their information on update of their knowledge and skills, to ensure that their continuous contribution to the Board was under the comprehensive and relevant circumstance.

Mr. Sun Guojun, who was elected as a Director on 5 February 2024, obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 29 January 2024, and has confirmed he understood his obligations as a Director. Mr. Zeng Daorong, who was elected as an independent non-executive Director on 5 February 2024, obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 31 January 2024, and has confirmed he understood his obligations as a Director.

7. Information Disclosure and Investor Relation

Secretary to the Board and representative of securities affairs are responsible for information disclosure and investor relation management. As for information disclosure, in order to enable the investors to understand the Company's operation conditions, the Company made meticulous organization and careful arrangement to strengthen coordination of information disclosure work, analyze and identify keys and difficulties and make effective communication with regulatory authorities. Accordingly, the Company finished the disclosure work as required. In 2023, the Company has made information disclosure for approximately 373 times in mainland China and Hong Kong, covering regular reports and temporary announcements.

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

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

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

All Directors have acknowledged their responsibilities for preparing the accounts of the Group for the year ended 31 December 2023.

BDO China Shu Lun Pan Certified Public Accountants LLP, the auditor of the Company, has acknowledged its reporting responsibilities in the Auditor's Report of the financial statements prepared under the PRC accounting standards for the year ended 31 December 2023.

9. Material changes in the constitutional documents of the Company

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

10. Internal control

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

The Board is responsible for implementing the risk management and internal control systems of the Company and its subsidiaries and reviewing the effectiveness of such systems. The Board assesses and reviews the effectiveness of the risk management and internal control systems and procedures based on the information derived from discussions with the senior management, internal audit team and external auditor and the reports from the internal audit team. Our internal audit team regularly reviews the effectiveness of our Company's material internal controls, including financial, operational and compliance controls and risk management functions according to the audit plans and reports to the Board with its findings and makes recommendations to improve the internal controls of our Company. The audit and review committee has reviewed the comments of external auditors provided at the audit and review committee meetings. BDO China Shu Lun Pan Certified Public Accountants was engaged by the Company to review the effectiveness of internal control on the financial report as of 31 December 2023, and issued the audit report on internal control with unqualified opinion.

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

10. Internal control (Continued)

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

For the year ended 31 December 2023, based on the assessment made by the audit and review committee, the senior management and the internal audit team, the Board reviewed the risk management and internal control systems of the Company and its subsidiaries.

Building and implementation of internal control systems during the Reporting Period

During the Reporting Period, the Company strictly implemented the Basic Standards for Internal Control of Companies, the Guidelines on Application of Enterprise Internal Control and the relevant provisions of the CSRC on the internal control of listed companies. In accordance with the objectives of “strengthening internal control, preventing risks and promoting compliance”, the Company continued to improve the internal control system, amend and improve the Company’s internal control management system, and formulate basic specifications for internal control work. The Company standardized the management requirements of rules and regulations, revised the Company’s “Management Measures for Operating Rules and Regulations”, optimized the process of system revision, improved the efficiency of decision-making, and improved the Company’s system, and completed the revision of 94 operating rules and regulations throughout the year, of which 47 were newly compiled and 47 were revised. At the same time, the Company carried out self-examination, rectification and improvement of the internal control system, organized each enterprise to carry out internal control system defects inspection, carried out the operation of stock-level rules and regulations inspection, formed a rectification and improvement report, and continued to optimize and improve the system.

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

10. Internal control (Continued)

Management of and control over subsidiaries during the Reporting Period

Pursuant to the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, and the Guidelines of the Shanghai Stock Exchange for Internal Control of Listed Companies and other laws, regulations and rules as well as the relevant provisions of the Articles of Association, the Company has amended the Regulations on the Decision-making and Management of Three Importance and One Significance and Key Matters, further improved the boundaries of the powers and responsibilities of the main governing bodies, revised the Administration Measures of Authorization by the Board of Directors, and dynamically optimized the list of authorized matters. The Company carried out an decision-making system inspection of the Three Importance and One Significance for its subsidiaries, put forward a list of common problems, and guided the major secondary enterprises to complete the revision of the system, and endeavored to solve the problem of decision-making matters being tackling the problem roughly from top to bottom. Meanwhile, in accordance with the Management of Division of Duties and Responsibilities for Major Decision-making Matters of the Parent Company and Subsidiaries, and the Administrative Measures for the Operation of the Shareholders' Meeting and the Meetings of Board of Directors of Subsidiaries and other relevant control systems, the Company strengthened management and control of subsidiaries through the appointment of directors and supervisors, and the implementation of appraisals and evaluations of subsidiaries to standardize the Company's internal operation mechanism, safeguard the legitimate rights and interests of the Company and investors, and promote the healthy development of the Company.

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

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

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

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

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

11. Dividend Policy

(1) *Dividend Policy*

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

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

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

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

Profit Distribution Scheme for 2023: Audited by BDO China Shu Lun Pan Certified Public Accountants LLP, the net profit attributable to shareholders of the parent company is RMB3,550,393,576.32 in 2023; the parent company has procured a net profit of RMB1,308,482,494.47. The Company proposed to distribute a cash dividend of RMB4.75 (tax inclusive) per 10 shares on the basis of 3,117,499,457 shares as at the publication date of the annual report, totaling payment of a cash dividend of RMB1,480,812,242.08, accounting for 41.71% of the net profit attributable to the parent company in the 2023 consolidated financial statements. The Company did not convert any capital reserve into share capital nor make any bonus issue. The scheme still needs to be submitted to the 2023 annual general meeting for consideration and approval.

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

11. Dividend Policy (Continued)

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

The dividend payment proposal shall be approved by the shareholders at the annual general meeting (the “AGM”) of shareholders. If approved, the final dividend is expected to be paid to the shareholders listed on the register of members around 26 July 2024. Dividends payable to H shareholders of the Company will be paid in Hong Kong dollars. The amount payable in Hong Kong dollars will be calculated on the basis of the average value of the central parity rate between RMB and Hong Kong dollar published by the People’s Bank of China in a week preceding the announcement of the payment of final dividend (if approved) at the AGM.

Unit: Yuan Currency: RMB

Year of distribution	Number of bonus shares for every 10 shares <i>(share(s))</i>	Dividend for every 10 shares <i>(Tax inclusive)</i> <i>(Yuan)</i>	Number of scrip shares for every 10 shares <i>(share(s))</i>	Total amount of cash dividend <i>(Tax inclusive)</i>	Net profits attributable to shareholders of the Company in the consolidated financial statements for the year	Percentage of dividend to the net profits attributable to shareholders of the Company in the consolidated financial statements <i>(%)</i>
2023	0	4.75	0	1,480,812,242.08	3,550,393,576.32	41.71
2022	0	3.35	0	1,044,708,822.00	2,854,650,575.05	36.60
2021	0	2.30	0	717,370,259.90	2,289,036,817.45	31.34

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

11. Dividend Policy (Continued)

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

Withholding and Payment of Income Tax

Enterprise Income Tax Withholding of Overseas Non-Resident Enterprises

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

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

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

11. Dividend Policy (Continued)

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

Withholding and Payment of Income Tax (Continued)

Individual Income Tax Withholding of Overseas Individual Shareholders

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

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

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

11. Dividend Policy (Continued)

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

Withholding and Payment of Income Tax (Continued)

Profit Distribution to Investors of Northbound Trading

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

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

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

11. Dividend Policy (Continued)

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

Withholding and Payment of Income Tax (Continued)

Profit Distribution to Investors of Southbound Trading

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

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

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

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

12. Shareholder's Rights

(1) *Shareholder's rights*

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

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

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

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

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

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

12. Shareholder's Rights (Continued)

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

Procedures for putting forward proposals to the shareholders' general meeting

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

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

Procedures for shareholders to propose a Director candidate

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

Procedures for shareholders to make enquiries to the board

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

Secretarial office of the Board of Dongfang Electric Corporation Limited at 18 Xixin Road, High-Tech District (Western District), Chengdu City, Sichuan Province, the PRC
Fax No.: 028-8758 3551
Email: dsb@dongfang.com

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

13. Policies Relating to Shareholders

The Company has in place a Shareholders' Communication Policy to ensure that shareholders' views and concerns are appropriately addressed. During the year ended 31 December 2023, the Company has reviewed the Shareholders' Communication Policy and considered that the policy was effectively implemented with the measures as disclosed under the paragraphs headed "Information Disclosure and Investor Relation" and "Shareholder's Rights".

ENVIRONMENT AND SOCIAL RESPONSIBILITY

I. ENVIRONMENTAL INFORMATION

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

1. Pollutant discharge information

Company name	Major pollutants	Emission method	Number of discharge outlets	Emission concentration	Emission Standard Implemented	Standard Limit	Total emissions (t)	Whether exceeded or not
Dongfang Electrical	COD	Indirect emissions	1	70.95mg/L	Class 3 standards under "Integrated Wastewater Discharge Standard" (GB8978-1996)	500mg/L	69.67	No
Dongfang Electrical	Ammonia nitrogen	Indirect emissions	1	14.29mg/L	Class 3 standards under "Integrated Wastewater Discharge Standard" (GB8978-1996)	-	14.03	No
Dongfang Electrical	VOCS	Organised emissions	12	2.49mg/m ³	Phase 2 emission limits for volatile organic compounds from exhaust funnel under table 3 of the Emission Standard for Atmospheric Volatile Organic Compounds from Fixed Pollution Sources in Sichuan Province DB51 2377-2017	60mg/m ³	3.37	No
Dongfang Steam Turbine	VOCS	Organised emissions	5	3.18mg/m ³	Phase 2 emission limits for volatile organic compounds from exhaust funnel under table 3 of the Emission Standard for Atmospheric Volatile Organic Compounds from Fixed Pollution Sources in Sichuan Province DB51 2377-2017	60mg/m ³	2.81	No
Dongfang Boiler	COD	Indirect emissions	5	52mg/L	Class 3 standards under "Integrated Wastewater Discharge Standard" (GB8978-1996)	500mg/L	22	No
Dongfang Boiler	Ammonia nitrogen	Indirect emissions	5	9.45mg/L	Class 3 standards under "Integrated Wastewater Discharge Standard" (GB8978-1996)	-	4	No
Dongfang Boiler	VOCS	Organised emissions	12	3.41mg/m ³	Phase 2 emission limits for volatile organic compounds from exhaust funnel under table 3 of the Emission Standard for Atmospheric Volatile Organic Compounds from Fixed Pollution Sources in Sichuan Province DB51 2377-2017	60mg/m ³	2.94	No
Dongfang KWH	VOCS	Organised emissions	6	2.52mg/m ³	Phase 2 emission limits for volatile organic compounds from exhaust funnel under table 3 of the Emission Standard for Atmospheric Volatile Organic Compounds from Fixed Pollution Sources in Sichuan Province DB51 2377-2017	60mg/m ³	0.71	No
Dongfang KWH	Particulates	Organised emissions	9	9mg/m ³	Class 2 under the table 2 of "Integrated Emission Standard of Air Pollutants" GB16297-1996	120mg/m ³	1.78	No

ENVIRONMENT AND SOCIAL RESPONSIBILITY (CONTINUED)

I. ENVIRONMENTAL INFORMATION (CONTINUED)

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

2. Construction and operation of pollution prevention facilities

Dongfang Electric strengthens the prevention and control of pollutant sources, strictly reviews the energy consumption and pollutant emissions of fixed asset investment projects, and controls the generation and emissions of pollutants from the source by taking the treatment of the emission of volatile organic compounds, the emission of welding smoke and dust, hidden dangers in underground sewage pipelines, sensitive noise, and hazardous waste storage as the mine lines. Affiliated enterprises carry out project approval and facility construction for air and water pollution control based on actual situations.

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

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

4. Contingency plan for environmental emergencies

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

ENVIRONMENT AND SOCIAL RESPONSIBILITY (CONTINUED)

I. ENVIRONMENTAL INFORMATION (CONTINUED)

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

5. Environmental self-monitoring program

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

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

During the Reporting Period, the affiliated enterprises did not receive any administrative penalties due to environmental issues.

7. Other environmental information that should be disclosed

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

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

Not applicable

ENVIRONMENT AND SOCIAL RESPONSIBILITY (CONTINUED)

I. ENVIRONMENTAL INFORMATION (CONTINUED)

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

1. Accelerate the creation of green demonstration workshops and demonstration factories, and on the basis of the first batch of 9 green demonstration workshops with high standards, the second batch of 11 green workshops were completed in 2023; actively promote the construction of green factories, affiliated enterprises Dongfang Electrical and DEC Automatic Control were selected as green factories in Sichuan Province in 2022, increasing the number of green factories to 5.
2. Organize affiliated enterprises to comprehensively sort out the toxic and harmful raw and auxiliary materials that can be reduced or replaced, develop action plans for reduction and replacement, and reduce the use of harmful substances from the source. For example, Dongfang Steam Turbine vigorously promotes the use of environmentally friendly raw and auxiliary materials such as water-based paint and water-based cleaning agents, achieving a reduction of volatile organic compounds by more than 10%; Dongfang Electrical has completed the benzene free improvement of polyurethane diluent and epoxy diluent, reducing the volatile organic compound content by 70mg/L and 110mg/L respectively compared to before.
3. In accordance with the Technical Guidelines for Formulating Emergency Emission Reduction Measures for Key Industries in Heavy Polluted Weather (2020 Edition) and the requirements of enterprise environmental performance grading and control, we accelerated the improvement of environmental performance standards, upgraded or added environmental protection equipment and facilities to our subsidiaries, improved volatile organic compound treatment processes, completed the upgrading and replacement of non-road mobile machinery in the factory, and promoted the use of electric forklifts, electric handling vehicles, hydrogen powered trucks, etc. In 2023, Dongfang Electrical, Dongfang Steam Turbine, and Dongfang Boiler Deyang Manufacturing Base were recognized as B-level environmental performance enterprises.
4. In accordance with the relevant deployment of the State Council on green, low-carbon, and circular economic development and the relevant work requirements of the State-owned Assets Supervision and Administration Commission of the State Council, the "Regulations on the Management of Idle and Waste Material Disposal (Trial)" was formulated and released in 2023 to standardize the disposal process of idle and waste materials and promote green recycling and disposal.

ENVIRONMENT AND SOCIAL RESPONSIBILITY (CONTINUED)

I. ENVIRONMENTAL INFORMATION (CONTINUED)

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

Are carbon reduction measures taken?	Yes
Reduction of carbon dioxide equivalent emissions (in tons)	12,370.6
Types of carbon reduction measures (such as using clean energy for power generation, using carbon reduction technologies in the production process, researching and developing new products that contribute to carbon reduction, etc.)	Develop and produce energy-saving and carbon reducing power generation equipment, use low-carbon energy supply systems, and use carbon reduction technologies in the production process

Detailed explanations

1. In combination with the new situation and requirements of ecological environment protection, new institutional norms such as the “Regulations on Energy Conservation and Ecological Environment Protection Supervision and Management”, “Carbon Emission Management Regulations (Trial)”, and “Guidelines for Carbon Emission Accounting and Reporting (Trial)” have been formulated and released to assist in the gradual transition from “dual control” of energy consumption to “dual control” of total and intensity of carbon emissions.
2. By actively promoting the demonstration application of comprehensive energy in enterprise parks, Dongfang Electrical combines multi-scenario energy side comprehensive energy planning technology, takes its own park as a sample, and based on renewable resources, external energy supply, and park energy consumption in the region, builds a comprehensive energy demonstration project in the park, which can reduce carbon emissions by about 4,000 tons per year; Dongfang Steam Turbine adopts three subsystems: photovoltaic power generation, vanadium flow battery energy storage, and charging pile system to form an intelligent microgrid, and has built a comprehensive energy demonstration zone for photovoltaic, storage and charging, reducing carbon emissions by about 797 tons annually.

ENVIRONMENT AND SOCIAL RESPONSIBILITY (CONTINUED)

I. ENVIRONMENTAL INFORMATION (CONTINUED)

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

Detailed explanations (continued)

3. Further strengthen energy consumption process control, actively carry out energy-saving work from multiple aspects such as process improvement, equipment energy-saving transformation, and energy-saving product promotion, and continuously improve energy utilization efficiency. Dongfang Electrical implemented oven automation transformation, achieving customized and precise temperature control for different product baking processes; updated and upgraded three transformers, improving comprehensive energy efficiency by 50%, saving about 200,000 kWh of electricity throughout the year, equivalent to 24 tons of standard coal, and reducing carbon dioxide emissions by about 116 tons; Dongfang Steam Turbine adopted centralized control technology in the energy supply station building to achieve monitoring and automatic scheduling of energy production, transportation, distribution, and use, reconstructs the energy metering monitoring system, and implemented digital transformation of more than 500 sets of metering facilities; Dongfang Boiler relied on the smart energy management system platform to establish a five level energy indicator monitoring system of “company – base – workshop – process – equipment”, actively explored energy efficiency evaluation and analysis, as well as energy abnormal warning and diagnosis, and accelerated the upgrading and renovation of old equipment; Dongfang Heavy Machinery carried out more than 30 process optimizations, including portable machining, groove structure optimization, tube plate large plane strip electrode submerged arc welding, material substitution, and scheme improvement, in conjunction with the special work on process optimization, significantly improving the manufacturing efficiency of mature products.

In 2023, the carbon emission intensity of the production and manufacturing processes of enterprises under Dongfang Electric decreased by 4.5% year on year. The annual carbon reduction of low-carbon and zero carbon products produced by the affiliated enterprises in 2023 was about 54 million tons, equivalent to more than 20 million tons of standard coal.

II. SOCIAL RESPONSIBILITY WORK

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

For details, please refer to the 2023 Social Responsibility Report of Dongfang Electric Corporation Limited and 2023 Environment, Social and Governance Report of Dongfang Electric Corporation Limited in the overseas regulatory announcement disclosed by the Company on the website of the Stock Exchange.

ENVIRONMENT AND SOCIAL RESPONSIBILITY (CONTINUED)

II. SOCIAL RESPONSIBILITY WORK (CONTINUED)

(II) Particulars of social responsibility work

Currency: RMB

External donations and public welfare projects	Quantity/ Content	Explanation
Total investment (RMB10,000)	2,426.92	Among them, RMB22.1837 million was spent on rural revitalization in Zhaojue County, Jixian County, and other areas; RMB1.2197 million was donated to earthquake-stricken area in Jishishan County, Linxia Prefecture, Gansu Province; RMB254,500 was donated to educational and charitable institutions in India; RMB611,300 was donated for other public welfare.
Including: Fund (RMB10,000)	2,300.08	Among them, RMB22.1350 million was spent on rural revitalization in Zhaojue County, Jixian County, and other areas.
Equivalent material (RMB10,000)	126.84	Among them, emergency relief supplies worth RMB1.2197 million was donated to earthquake-stricken area in Jishishan County, Linxia Prefecture, Gansu Province; condolence supplies worth RMB48,700 was distributed to Zhaojue County.
Number of beneficiaries (person)	64,918	

ENVIRONMENT AND SOCIAL RESPONSIBILITY (CONTINUED)

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

Currency: RMB

Poverty alleviation and rural revitalization projects	Quantity/Content	Explanation
Total investment (RMB10,000)	2,218.37	
Including: Fund (RMB10,000)	2,213.5	
Equivalent material (RMB10,000)	4.87	
Number of beneficiaries (person)	60,747	
Assistance forms (such as industrial poverty alleviation, employment poverty alleviation, education poverty alleviation, etc.)	Industrial revitalization, talent revitalization, cultural revitalization, organizationally revitalization and ecological revitalization	See detailed explanation

Detailed explanations

1. Assist in optimizing characteristic industries. After the completion of the Xiao Chan Mao Meat Products Workshop and the Kuanke Tartary Buckwheat Workshop in Zhaojue County, it not only helps villagers achieve stable employment, but also distributes more than RMB1 million in dividends to the village collective every year; since the opening of the "Oriental Time" children's garden in Shangdong Village, Jixian County, it has received 60,000 visits, helping the collective income of Shangdong Village exceed RMB1 million, helping 8 villagers achieve stable employment, and distributing a dividend of RMB148,000 this year. In 2023, we introduced 4 assistance projects and helped establish 3 assistance workshops; by relying on assistance projects, 292 people from poverty-stricken areas were assisted in employment, and 8 people from poverty-stricken areas were recruited by the enterprises.
2. Assist in cultivating rural talents. An investment of RMB550,000 was made to support key assisted villages to organize training on planting and breeding, practical skills, and other related areas, achieving 527 attendance of grassroots cadres training, accounting for 527% of the plan; 296 attendance of revitalization leaders training, accounting for 296% of the plan; 2,504 attendance of technical personnel training, accounting for 834% of the plan.

ENVIRONMENT AND SOCIAL RESPONSIBILITY (CONTINUED)

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

Detailed explanations (Continued)

3. Assist in exploring rural culture. RMB1.6 million was invested to support Zhaojue County in carrying out normalized customs and cultural exchanges. We adhere to the principles of “educating the people with culture, entertaining the people with culture, and enriching the people with culture”, and promote the formation of modern civilization concepts and lifestyles among poverty-stricken people to inherit excellent folk culture.
4. Assist in promoting ecological revitalization. The garbage incineration power generation project serving five counties including Zhaojue County has completed the registration of project company and the first batch of capital payment; upon the completion of the project, it will improve the living environment, achieve resource utilization, supplement local electricity supply, and provide more than 100 nearby employment opportunities. In addition, the steam generated by the project also lays the foundation for the government to introduce industrial enterprises such as food, medicine, and textiles in the surrounding areas, increasing employment opportunities in related industries and local taxation. Another RMB200,000 was invested to upgrade and build the Guanzhuang Square in Baishansi Township, Jixian County, further improving village level infrastructure, and enhancing the sense of wellbeing for the public. In addition, the 48.5 MW wind power projects in Zhaojue County, and 90 MW wind power project and 40 MW self-use wind power project in Jixian County with a total investment of over RMB1 billion have started construction one after another, providing more than 100 nearby employment opportunities and helping the county’s green development transformation.
5. Assist in improving infrastructure. RMB2.1 million was invested to cooperate with Zhaojue County in overall scenery building along the village road of Huopu Village and carry out the “toilet revolution” according to local conditions; installed 30 solar street lights and maintained 21 of them for Checheng Village and Sang’e Village in Checheng Township, Jixian County, continuously improving the living environment; an investment of RMB135,000 was made to build a “connecting bridge” for the cold water fish farming industry in Tekou Mopu Village, Zhaojue County, to solve the travel safety hazards for villagers and continuously improve the warmth of assistance.

SIGNIFICANT EVENTS

I. PERFORMANCE OF UNDERTAKINGS

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

Background of undertakings	Type of undertakings	Party making undertakings	Contents of undertakings	Time of undertakings	Any term of performance	Term of undertakings	Strictly performed in a timely manner or not	Description of specific reasons if not performed timely	Description of plans for next steps if not performed timely
Undertakings made in acquisition reports or equity change reports	Lock-up of shares	Dongfang Electric Corporation	DEC shares subscribed with the Target Assets held by the Company shall not be transferred in any form within 36 months after the listing of such shares. If the closing price of DEC shares is below the issue price in the transaction for 20 consecutive trading days within 6 months from the listing of new shares from the transaction, or the closing price at the end of the six month period after the completion of the transaction is below the issue price in the transaction, the lock-up period of DEC shares obtained by the Company from the transaction will be extended by six months automatically on the basis of the original lock-up period. Shares of the listed company directly and indirectly held by the Company prior to the transaction shall not be transferred with 12 months after the listing of new shares from the transaction.	2018	Yes	Lock-up period	Yes		

SIGNIFICANT EVENTS

I. PERFORMANCE OF UNDERTAKINGS (CONTINUED)

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

Background of undertakings	Type of undertakings	Party making undertakings	Contents of undertakings	Time of undertakings	Any term of performance	Term of undertakings	Strictly performed in a timely manner or not	Description of specific reasons if not performed timely	Description of plans for next steps if not performed timely
	Others	Dongfang Electric Corporation	For the outstanding entrusted loans of DEC Finance to DEC Eban Company and DEC Majji, the Group undertook that the risks on the issuing of loans by DEC Finance upon the appointment of Dongfang Electric Corporation and Dongqi Investment Development will be assumed by the Group and Dongqi Investment Development, as the entrusting parties, respectively. If DEC Eban Company and DEC Majji fail to make the repayment, all of the relevant losses will be assumed by the Group and Dongqi Investment Development, as the entrusting parties, respectively. DEC Finance will not assume any risks or losses.	2018	Yes	Performance period for entrusted loans	Yes		

SIGNIFICANT EVENTS (CONTINUED)

II. APPOINTMENT OR DISMISSAL OF THE AUDITOR

Unit: 10,000 Yuan Currency: RMB

	Previously engaging	Now engaging
Name of the domestic auditor	Da Hua Certified Public Accountants LLP	BDO China Shu Lun Pan Certified Public Accountants LLP
Remuneration of the domestic auditor	200	200
Term of audit of the domestic auditor	3	5
Name of the certified public accountant of the domestic auditor	Zhang Kui, Yin Chuansong	Zhang Junshu, Zhang Jiahui, Zhang Wengang
Continuous term of audit of the certified public accountant of the domestic auditor	3	1

	Name	Remuneration
Internal control auditor	BDO China Shu Lun Pan Certified Public Accountants LLP	40

Explanation on the appointment and dismissal of accounting firms

Da Hua Certified Public Accountants provided audit services to the Company and adhered to the principle of independent audit during the execution process, effectively fulfilling the responsibilities of audit institutions. Considering that Da Hua Certified Public Accountants has been providing audit services to the Company for many consecutive years, in order to ensure the independence of audit work, Da Hua Certified Public Accountants has been dismissed. At the same time, according to the needs of the Company's business development, through the Company's bidding procedures, BDO China Shu Lun Pan Certified Public Accountants has been appointed as the audit institution for the year 2023.

SIGNIFICANT EVENTS (CONTINUED)

III. BANKRUPTCY REORGANIZATION

On 28 September 2018, the Intermediate People's Court of Jiuquan City, Gansu Province, based on the application of Dongfang Electric Automatic Control Engineering Co., Ltd., ruled to accept the bankruptcy liquidation of Dongfang Electric (Jiuquan) New Energy Co., Ltd. Currently, bankruptcy property distribution is underway.

On 26 August 2019, the Intermediate People's Court of Tongliao City, Inner Mongolia Autonomous Region, ruled the bankruptcy of Dongfang Electric (Tongliao) Wind Power Engineering Technology Co., Ltd. Currently, bankruptcy property distribution is underway.

On 27 September 2020, the People's Court of Xiaoshan District, Hangzhou City ruled the bankruptcy of Dongfang Electric New Energy Equipment (Hangzhou) Co., Ltd. At present, there is still a debt dispute in the arbitration procedure.

IV. SIGNIFICANT LITIGATION OR ARBITRATION EVENTS

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

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

(I) Descriptions of the Restricted A Share Incentive Scheme for 2019 of the Company during the Reporting Period

The second lock-up period for the first grant under the Restricted A Share Incentive Scheme for 2019 expired on 6 January 2023, and the corresponding conditions for unlocking have been met. A total of 744 participants can be unlocked, 8.852565 million shares were unlocked, and the unlocked shares were listed and circulated on 9 January 2023.

SIGNIFICANT EVENTS (CONTINUED)

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

(I) Descriptions of the Restricted A Share Incentive Scheme for 2019 of the Company during the Reporting Period (Continued)

On 3 January 2023, the Company notified creditors that it would repurchase and cancel 274,000 shares, and correspondingly reduce the registered capital.

On 24 February 2023, the 2023 first extraordinary general meeting, the 2023 first A Shares class meeting, and the 2023 first H Shares class meeting of the Company considered and approved the Resolution on Repurchase and Cancellation of Certain Restricted Shares.

On 8 March 2023, the Company implemented the repurchase and cancellation of restricted shares. The cancellation date was 13 March 2023, and the repurchase and cancellation of restricted shares involved 13 people, with a total of 274,000 shares repurchased and cancelled.

On 27 October 2023, the 18th meeting of the 10th session of the Supervisory Committee of the Company and on 30 October 2023, the 31st meeting of the 10th session of the Board of the Company considered and approved the Resolution on Repurchase and Cancellation of Certain Restricted Shares and the Resolution on Fulfilment of the Conditions for the Second Unlocking Period under the Reserved Grant under the Restricted A Share Incentive Scheme for 2019.

The second lock-up period under reserved grant of the Company's Restricted A Share Incentive Scheme for 2019 expired on 25 November 2023, and the corresponding conditions for unlocking have been met. A total of 24 participants can be unlocked, 292,333 shares were unlocked, and the unlocked shares were listed and circulated on 27 November 2023.

SIGNIFICANT EVENTS (CONTINUED)

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

(II) Overview of the Restricted A Share Incentive Scheme for 2019

(1) Purpose of the Scheme

The purpose is to further perfect the corporate governance structure of the Company and improve the mid-and-long term incentive and restraint mechanism of the Company and achieve the incentive and restraint on Senior and Middle Management and frontline leaders of the Company to more tightly align their interests with the long-term development of the Company, and take on risks while share the interests together, and fully mobilize their enthusiasm and creativity to form a long-term behavior of decision-makers and operators, and improve the motivation force of the growth of the Company as well as cohesion and competitiveness of the Company to promote the sustainable and high quality development of the Company so that the value of the Company and shareholders will be maximized. On the basis of fully safeguarding Shareholders' interests, the Restricted A Share Incentive Scheme for 2019 has been formulated on the principle of aligning return with contribution to the Company and in accordance with relevant laws, regulations and regulatory documents such as the Company Law, the Securities Law, the Administrative Measures, the Trial Measures and the Notice, as well as the relevant requirements of the Articles of Association.

(2) Participants under the Scheme

The Participants under the Restricted A Share Incentive Scheme for 2019 are the directors, senior management, mid-level management and frontline leaders of the Company, excluding independent directors and supervisors of the Company, as well as shareholders individually or in aggregate holding 5% or more of the shares of the Company or the de facto controllers and their spouses, parents or children.

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

30,000,000 Restricted Shares shall be granted under the Restricted A Share Incentive Scheme for 2019, accounting for approximately 0.97% of the Company's total share capital of 3,090,803,431 shares as at the date of the announcement of the draft of the Restricted A Share Incentive Scheme for 2019. Specifically, 29,000,000 shares shall be granted at the initial grant (the "**First Grant**"), accounting for approximately 0.94% of the Company's total share capital of 3,090,803,431 shares as at the date of the announcement of the draft of the Restricted A Share Incentive Scheme for 2019, and accounting for approximately 96.67% of the total Restricted Shares available under the Restricted A Share Incentive Scheme for 2019; and 1,000,000 shares shall be granted at the reserved grant (the "**Reserved Grant**"), accounting for approximately 0.03% of the Company's total share capital of 3,090,803,431 shares as at the date of the announcement of the draft of the Restricted A Share Incentive Scheme for 2019, and accounting for approximately 3.33% of the total Restricted Shares available under the Restricted A Share Incentive Scheme for 2019.

SIGNIFICANT EVENTS (CONTINUED)

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

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

(4) Maximum Entitlement of each Participant under the Scheme

The total number of Restricted Shares to be granted under the Restricted A Share Incentive Scheme for 2019 to any one of the Participants during the Validity Period will not exceed 1% of the total share capital of the Company.

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

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

SIGNIFICANT EVENTS (CONTINUED)

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

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

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

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

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

- (1) 60% of the average trading price of the underlying shares of the Company on the last trading day immediately preceding the date of announcement of the draft of the Restricted A Share Incentive Scheme for 2019;
- (2) 60% of one of the average trading price of the underlying shares of the Company for the last 20 trading days, 60 trading days and 120 trading days immediately preceding the date of announcement of the draft of the Restricted A Share Incentive Scheme for 2019.

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

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

Before each grant of the reserved Restricted Shares under the Restricted A Share Incentive Scheme for 2019, the Company shall hold a Board meeting to pass the relevant resolution, and shall disclose the information on such grant. The Grant Price of the restricted shares granted by the Company via means of issuing additional shares shall be determined according to principle of fair market price, and shall not be lower than the higher of the following prices:

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

SIGNIFICANT EVENTS (CONTINUED)

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

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

(7) Remaining Validity Period of the Scheme

The Validity Period of the Restricted A Share Incentive Scheme for 2019 at the initial grant shall commence on the date of the registration of the Restricted Shares and end on the date when all the Restricted Shares which have been granted to the Participants are unlocked or repurchased and cancelled, and shall not exceed 72 months. The validity period shall be from 7 January 2020 to 6 January 2026.

(8) Accounting Treatment on Restrictive Shares

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

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

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

Number of Restricted Shares to be granted for the first time (0'000)	Total costs (RMB0'000)	2019 (RMB0'000)	2020 (RMB0'000)	2021 (RMB0'000)	2022 (RMB0'000)	2023 (RMB0'000)	2024 (RMB0'000)
2,900	11,107.00	334.24	4,010.86	3,856.6	2,056.85	848.45	230

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

SIGNIFICANT EVENTS (CONTINUED)

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

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

(8) Accounting Treatment on Restrictive Shares (Continued)

Status for 2023 of the Restricted A Share Incentive Scheme for 2019 – First Grant of Restricted Shares

Name	Position	Number of the Restricted Shares granted (share(s))	Shares unvested at the beginning of the Reporting Period (share(s))	Shares vested during the Reporting Period (share(s))	Shares cancelled during the Reporting Period (share(s))	Shares lapsed during the Reporting Period (share(s))	Shares not yet vested at the end of the Reporting Period (share(s))
Gong Dan	Former secretary to the Board (Retired in March 2023)	150,000	100,000	50,000	0	0	50,000
Gao Feng	Former vice president (Retired in March 2023)	150,000	100,000	50,000	0	0	50,000
Wang Weimin	Former vice president (Retired in June 2023)	75,000	50,000	25,000	0	0	25,000
Hu Xiukui	Vice president	75,000	50,000	25,000	0	0	25,000
Wang Jun	Vice president	75,000	50,000	25,000	0	0	25,000
Li Jianhua	Vice president	75,000	50,000	25,000	0	0	25,000
Total	Connected person	600,000	400,000	200,000	0	0	200,000
Mid-level management and frontline leaders (738 persons)		27,388,699	17,625,134	8,652,565	274,000	0	8,698,569
Total		27,988,699	18,025,134	8,852,565	274,000	0	8,898,569

Notes: 1. The date of the First Grant was 22 November 2019. For the First Grant under the Restricted A Share Incentive Scheme for 2019 (which has been granted prior or subsequent to the Reporting Period), the number of Restricted Shares granted was 27,988,699 with a purchase price of RMB5.93 and the registration date was 7 January 2020. The unlocking periods under the First Grant of Restricted Shares are 24 months, 36 months and 48 months respectively from the date of completion of registration. The total number of shares that available for issue for the First Grant under the Restricted A Share Incentive Scheme for 2019 of the Company is nil, as of the date of this report (i.e. 28 March 2024).

2. During the Reporting Period, immediately prior to the vesting date of the restricted shares under the First Grant, the weighted average closing price of the A shares of the Company was RMB22.45 per share.

SIGNIFICANT EVENTS (CONTINUED)

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

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

(8) Accounting Treatment on Restrictive Shares (Continued)

Status for 2023 of the Restricted A Share Incentive Scheme for 2019 – Reserved Grant of Restricted Shares

Name	Position	Number of the Restricted Shares granted (share(s))	Shares unvested at the beginning of the Reporting Period (share(s))	Shares vested during the Reporting Period (share(s))	Shares cancelled during the Reporting Period (share(s))	Shares lapsed during the Reporting Period (share(s))	Shares not yet vested at the end of the Reporting Period (share(s))
Mid-level management and frontline leaders (26 persons)		972,000	598,002	292,333	0	0	305,669
Total		972,000	598,002	292,333	0	0	305,669

Notes: 1. The date of the Reserved Grant was 24 September 2020. For the Reserved Grant under the Restricted A Share Incentive Scheme for 2019 (which has been granted prior or subsequent to the Reporting Period), the number of Restricted Shares granted was 972,000 with a purchase price of RMB6.54 and the registration date was 26 November 2020. The unlocking periods under the Reserved Grant of Restricted Shares are 24 months, 36 months and 48 months respectively from the date of completion of registration. The total number of shares that available for issue for the Reserved Grant under the Restricted A Share Incentive Scheme for 2019 of the Company is nil, as of the date of this report (i.e. 28 March 2024).

2. During the Reporting Period, immediately prior to the vesting date of the restricted shares under the Reserved Grant, the weighted average closing price of the A shares of the Company was RMB18.63 per share.

During the Reporting Period, there was no restricted shares granted under the Restricted A Share Incentive Scheme for 2019.

No restricted shares were available for grant under the Restricted A Share Incentive Scheme for 2019 as at 1 January 2023 and 31 December 2023.

SIGNIFICANT EVENTS (CONTINUED)

VI. MATERIAL CONNECTED TRANSACTIONS

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

(I) Continuing connected transactions

1. Continuing Connected Transaction Agreements

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

On 15 November 2023, the Company entered into the Supplementary Agreement to the 2022–2024 Combined Ancillary Service Framework Agreement and the Supplementary Agreement to the 2022–2024 Property and Equipment Lessor Framework Agreement with Dongfang Electric Corporation in Chengdu City, Sichuan Province, to revise the annual caps for each year of the fiscal years 2023 and 2024.

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

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

SIGNIFICANT EVENTS (CONTINUED)

VI. MATERIAL CONNECTED TRANSACTIONS (CONTINUED)

(I) Continuing connected transactions (Continued)

1. Continuing Related Transaction Agreements (Continued)

The basic content of these agreements are:

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

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

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

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

SIGNIFICANT EVENTS (CONTINUED)

VI. MATERIAL CONNECTED TRANSACTIONS (CONTINUED)

(I) Continuing connected transactions (Continued)

1. Continuing Related Transaction Agreements (Continued)

- (3) 2022-2024 Combined Ancillary Service Framework Agreement and the Supplemental Agreement to the 2022-2024 Combined Ancillary Service Framework Agreement

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

- (4) 2022-2024 Financial Services Framework Agreement

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

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

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

SIGNIFICANT EVENTS (CONTINUED)

VI. MATERIAL CONNECTED TRANSACTIONS (CONTINUED)

(I) Continuing connected transactions (Continued)

1. Continuing Connected Transaction Agreements (Continued)

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

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

(7) 2022-2024 Finance Lease Framework Agreement

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

For details of these agreements, please refer to the announcements published by the Company on the website of SSE on 9 December 2021, 1 October 2022 and 16 November 2023.

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

These connected transactions have been formally effective with the approval of the independent Directors of the Board of the Company and/or the independent shareholders of the general meeting of the Company. The specific amounts of these major continuing connected transactions as at 31 December 2023 did not exceed the annual caps approved by the Board or the general meeting.

SIGNIFICANT EVENTS (CONTINUED)

VI. MATERIAL CONNECTED TRANSACTIONS (CONTINUED)

(I) Continuing connected transactions (Continued)

2. Details of the continuing connected transactions as at 31 December 2023

Actual amount of the connected transaction as at 31 December 2023 and the annual cap amount in 2023

Unit: 0'000 Yuan Currency: RMB

Name of framework agreement	Date of signing	Subject of transactions	Maximum annual cap	Amount for the year
2022-2024 Purchase and Production Service Framework Agreement	31 December 2021	Dongfang Electric Corporation and its affiliated enterprises shall supply products and provide production services to the Company and its subsidiaries	180,000	72,801.94
2022-2024 Marketing and Production Service Framework Agreement	31 December 2021	The Company and its subsidiaries shall supply products and provide production services to Dongfang Electric Corporation and its subsidiaries	180,000	121,248.89
2022-2024 Combined Ancillary Service Framework Agreement	31 December 2021	The Company and its subsidiaries shall provide the combined ancillary services to Dongfang Electric Corporation and its affiliated enterprises	0	
Supplemental Agreement to the 2022-2024 Combined Ancillary Service Framework Agreement	15 November 2023	Dongfang Electric Corporation and its affiliated enterprises shall provide the combined ancillary services to the Company and its subsidiaries	7,000	4,090.57
2022-2024 Financial Services Framework Agreement	31 December 2021	Dongfang Electric Finance Co., Ltd. shall provide the deposit, loan and other services to Dongfang Electric Corporation and its affiliated enterprises		
		(1) Maximum daily deposit balance and earned deposit interest income	1,000,000	661,023.10
		(2) Maximum daily loan balance and loan interest expenses paid	180,000	134,978.24
2022-2024 Property and Equipment Lessee Framework Agreement	31 December 2021	Dongfang Electric Corporation and its affiliated enterprises shall lease out the property to the Company or its subsidiaries	50,000	10,119.64
2022-2024 Property and Equipment Lessor Framework Agreement	31 December 2021	The Company and its subsidiaries shall lease out the property to Dongfang Electric Corporation or its affiliated enterprises	1,800	47.25
Supplemental Agreement to the 2022-2024 Property and Equipment Lessor Framework Agreement	15 November 2023			
2022-2024 Finance Lease Framework Agreement	30 September 2022	Honghua Group Limited and its affiliated enterprises shall provide finance lease services for production equipment to Dongfang Electric Corporation and its affiliated enterprises	15,000	

SIGNIFICANT EVENTS (CONTINUED)

VI. MATERIAL CONNECTED TRANSACTIONS (CONTINUED)

(I) Continuing connected transactions (Continued)

3. Review and confirmation for continuing connected transactions

- (i) Pursuant to Rule 14A.56 of the Listing Rules, the auditors of the Company engaged by the Company has reported and confirmed these continuing connected transactions for 2023:
 - (1) have been approved by the Board of the Company;
 - (2) have been conducted in accordance with the company's pricing policy (if applicable);
 - (3) have been conducted in accordance with the terms of the agreements governing the transactions; and
 - (4) did not exceed the caps disclosed in the previous announcement.
- (ii) The independent non-executive Directors of the Company reviewed the continuing connected transactions and confirmed that:
 - (1) these transactions are the daily business of the Company;
 - (2) these transactions are conducted in accordance with the normal commercial terms, or the terms of the transactions are no less favourable than those obtained from or provided by the independent third parties (as the case may be) the terms if the comparable transactions are insufficient to determine whether the terms of the transactions are the normal commercial terms; and
 - (3) these transactions are conducted in accordance with the terms of the agreement in relation to the transaction, and the terms of the transaction are fair and reasonable and in the interests of the shareholders of the Company as a whole.

4. Related-party transactions

The connected transactions entered into by the Group for the year ended 31 December 2023 are set out in Note 10 of the financial statements, of which, certain connected transactions/related party transactions also constitute continuing connected transactions. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of such connected transactions.

SIGNIFICANT EVENTS (CONTINUED)

VII. MATERIAL CONTRACTS AND IMPLEMENTATION THEREOF

(I) Guarantee

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

Unit: Yuan Currency: RMB

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

SIGNIFICANT EVENTS (CONTINUED)

VII. MATERIAL CONTRACTS AND IMPLEMENTATION THEREOF (CONTINUED)

(I) Guarantee (Continued)

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

Total guarantee incurred during the Reporting Period (excluding those provided for subsidiaries)	92,500,000
Total balance of guarantee as at the end of the Reporting Period (A) (excluding those provided for subsidiaries)	

Guarantees provided by the Company and its subsidiaries to their subsidiaries

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

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

Aggregate guarantee (A+B)	92,500,000
Total guarantee as a percentage of the net assets of the Company (%)	0.22
Representing:	
Amount of guarantee provided for shareholders, de facto controller and their related parties (C)	0
Balance of debts guarantee directly or indirectly provided to guaranteed parties with gearing ratio over 70% (D)	0
Excess amount of aggregate guarantee over 50% of net assets (E)	0
Aggregate amount of the above three items (C+D+E)	0

SIGNIFICANT EVENTS (CONTINUED)

VII. MATERIAL CONTRACTS AND IMPLEMENTATION THEREOF (CONTINUED)

(I) Guarantee (Continued)

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

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

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

Details of the guarantees

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

SIGNIFICANT EVENTS (CONTINUED)

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

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

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

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

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

Profit Distribution Scheme for 2023: Audited by BDO China Shu Lun Pan Certified Public Accountants LLP, the net profit attributable to shareholders of the parent company is RMB3,550,393,576.32 in 2023; The parent company has procured a net profit of RMB1,308,482,494.47. The Company intended to distribute a cash dividend of RMB4.75 (tax inclusive) per 10 shares on the basis of 3,117,499,457 shares of its share capital as at the date of the annual report, totaling payment of a cash dividend of RMB1,480,812,242.08, accounting for 41.71% of the net profit attributable to the parent company in the 2023 consolidated financial statements. The Company did not convert any capital reserve into share capital nor make any bonus issue. The proposal still needs to be submitted to the 2023 annual general meeting for consideration and approval.

SIGNIFICANT EVENTS (CONTINUED)

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

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

Unit: Yuan Currency: RMB

Year of distribution	Number of bonus shares for every 10 Shares (share(s))	Dividend for every 10 shares (Tax inclusive) (RMB)	Number of scrip shares for every 10 shares (share(s))	Total amount of cash dividend (Tax inclusive)	Net profits attributable to ordinary shareholders of the Company in the consolidated financial statements during the year of distribution	Percentage of the net profits attributable to ordinary shareholders of the Company in the consolidated financial statements (%)
2023	0	4.75	0	1,480,812,242.08	3,550,393,576.32	41.71
2022	0	3.35	0	1,044,708,822.00	2,854,650,575.05	36.60
2021	0	2.30	0	717,370,259.90	2,289,036,817.45	31.34

IX. DISCLOSURE OF OTHER EVENTS

(I) Public Float

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

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

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

As three participants under the First Grant were no longer qualified as participants due to the enterprise restructuring and termination of labor contract with the enterprise, three participants were no longer qualified as the participants due to the organizational arrangement of being transferred from the Company, three participants were no longer qualified as participants due to the violation of relevant laws and regulations, and four participants did 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 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.

SIGNIFICANT EVENTS (CONTINUED)

IX. DISCLOSURE OF OTHER EVENTS (CONTINUED)

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

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

(III) Audit and Review Committee

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

(IV) Five-year Financial Summary

Unit: Yuan Currency: RMB

Item	2023 (31 December 2023)	2022 (31 December 2022)	2021 (31 December 2021)	2020 (31 December 2020)	2019 (31 December 2019)
Total assets	121,108,373,341.62	115,344,350,441.40	103,104,573,304.33	97,795,137,769.16	89,618,965,555.72
Total liabilities	79,888,498,579.02	76,708,775,713.68	67,720,696,078.96	64,153,537,732.09	57,820,532,585.13
Total shareholders' equity	41,219,874,762.60	38,635,574,727.72	35,383,877,225.37	33,641,600,037.07	31,798,432,970.59
Including: Equity attributable to shareholders of the parent company	37,244,895,786.52	34,992,066,981.24	32,497,661,980.41	30,907,668,527.78	29,454,645,749.51
Non-controlling shareholders' equity	3,974,978,976.08	3,643,507,746.48	2,886,215,244.96	2,733,931,509.29	2,343,787,221.08
Operating income	60,676,613,395.82	55,363,782,450.06	47,819,166,940.47	37,282,871,287.38	32,840,321,080.22
Total profit/(loss)	4,006,164,166.98	3,327,359,675.84	2,667,047,594.90	2,067,223,836.63	1,578,583,920.06
Income tax expenses	362,454,836.22	313,620,616.00	237,824,064.64	150,959,705.84	197,712,209.73
Net profit/(loss)	3,643,709,330.76	3,013,739,059.84	2,429,223,530.26	1,916,264,130.79	1,380,871,710.33
Including: Net profit/(loss) attributable to the parent company	3,550,393,576.32	2,857,898,505.21	2,289,036,817.45	1,861,998,155.29	1,277,671,818.13
Non-controlling shareholders profit or loss	93,315,754.44	155,840,554.63	140,186,712.81	54,265,975.50	103,199,892.20

(V) Pre-emptive Rights

There are no provisions regarding pre-emptive rights under the Company Law of the People's Republic of China and the Articles of Association, which require the Company to issue new shares to the existing shareholders in proportion to their existing shareholdings.

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

I. CHANGES IN ORDINARY SHARES CAPITAL

(I) Table of total number of ordinary shares

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

1. Table of changes in shares

Unit: share

	Prior to the current movements		Increase/(decrease) of current movements (+, -)				After current movements		
	Number of shares	Percentage (%)	Issue of new shares	Bonus issue	Capitalization of surplus reserve	Others	Sub-total	Number of shares	Percentage (%)
I. Shares subject to trading moratorium	772,526,199	24.77				-9,418,898	-9,418,898	763,107,301	24.47
1. State-owned shares	0	0						0	0
2. State-owned legal person shares	753,903,063	24.17						753,903,063	24.17
3. Other domestic shares	18,623,136	0.60				-9,418,898	-9,418,898	9,204,238	0.30
Including: shares owned by domestic non-state-owned legal persons	0	0						0	0
Shares owned by domestic natural persons	18,623,136	0.60				-9,418,898	-9,418,898	9,204,238	0.30
4. Foreign owned shares	0	0						0	0
Including: shares owned by overseas legal persons	0	0						0	0
Shares owned by overseas natural persons	0	0						0	0
II. Tradable shares not subject to trading moratorium	2,346,281,598	75.23				+9,144,898	+9,144,898	2,355,426,496	75.53
1. RMB-denominated ordinary shares	2,006,281,598	64.33				+9,144,898	+9,144,898	2,015,426,496	64.63
2. Domestic listed foreign shares	0	0						0	0
3. Overseas listed foreign shares	340,000,000	10.90						340,000,000	10.90
4. Others	0	0						0	0
III. Total number of shares	3,118,807,797	100				-274,000	-274,000	3,118,533,797	100

Note: Due to changes in the personal circumstances of 76 Participants under the Restricted Share Scheme of the Company, the Company repurchased and cancelled a total of 1,034,340 Restricted A Shares which were granted but not yet unlocked, and had completed the cancellation on 14 March 2024. As of the date of disclosure in this report, the total number of ordinary shares of the Company was 3,117,499,457.

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

I. CHANGES IN ORDINARY SHARES CAPITAL (CONTINUED)

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

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

2. Explanation on changes in shares

Due to changes in the individual circumstances of the Participants under the Restricted Share Scheme of the Company, the Company repurchased and cancelled a total of 274,000 Restricted Shares which were granted to certain Participants but not yet unlocked on 13 March 2023. For details, please refer to the relevant announcements published on the website of Shanghai Stock Exchange (www.sse.com.cn).

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

During the Reporting Period, due to the repurchase of Restricted Shares that have been granted to some participants yet still locked up, the Company cancelled 274,000 ordinary shares in total, accounting for 0.01% of the total shares of the Company, which has little impact on the main financial indicators of the Company.

(II) Changes in shares subject to trading moratorium

Unit: share

Name of shareholder	Number of shares subject to selling restrictions at the beginning of the year	Number of shares released from selling restrictions during the year	Increased number of shares subject to selling restrictions during the year	Number of shares subject to selling restrictions at the end of the year	Reason for selling restrictions	Date of release from selling restrictions
Dongfang Electric Corporation Limited	753,903,063	0	0	753,903,063	Non-public issuance of shares	Note
Participants under the Restricted A Share Incentive Scheme	18,623,136	9,418,898	-274,000	9,204,238	Incentive schemes with restricted stock as an incentive method	The lock-up periods shall be 24 months, 36 months and 48 months from the relevant completion date of registration of the restricted shares under the grant, the proportion of unlocking shares in the equity granted is 1/3
Total	772,526,199	9,418,898	-274,000	763,107,301	/	/

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

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

II. PARTICULARS OF SHAREHOLDERS AND DE FACTO CONTROLLER

(I) Total number of shareholders

Total number of ordinary shareholders as of the end of the Reporting Period (<i>shareholder</i>)	103,738
Total number of ordinary shareholders as of the end of the month prior to the date of disclosure of the Annual Report (<i>shareholder</i>)	98,413
Total number of preferred shareholders with restored voting rights as of the end of the Reporting Period (<i>shareholder</i>)	0
Total number of preferred shareholders with restored voting rights as of the end of the month prior to the date of disclosure of the Annual Report (<i>shareholder</i>)	0

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

Unit: share

Shareholdings of top 10 shareholders							
Name of shareholder (full name)	Increase/ decrease during the Reporting Period	Number of shares held at the end of the Reporting Period	Percentage (%)	Number of shares held subject to trading moratorium	Pledged, marked or frozen		Type of shareholder
					Status of shares	Number of shares	
Dongfang Electric Corporation	+3,460,000	1,731,379,826	55.52	753,903,063	Nil		State-owned legal person
HKSCC Nominees Limited	-4,000	337,894,369	10.84	0	Unknown		Overseas legal person
National Social Security Fund 113 Portfolio (全國社保基金一一三組 合)	+21,497,252	35,579,864	1.14	0	Unknown		Other
Basic pension insurance fund 802 portfolio (基本養老保險基金八零二 組合)	+8,001,000	24,545,758	0.79	0	Unknown		Other
Guoshou Pension Strategy No. 4 Stock-based Pension Product (國 壽養老策略4號股票型養老金產品) – Industrial and Commercial Bank of China Limited	+9,515,212	23,243,168	0.75	0	Unknown		Other
He Haibo	+11,688,800	11,688,800	0.37	0	Unknown		Domestic natural persons

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

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

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

Name of shareholder (full name)	Shareholdings of top 10 shareholders						
	Increase/ decrease during the Reporting Period	Number of shares held at the end of the Reporting Period	Percentage (%)	Number of shares held subject to trading moratorium	Pledged, marked or frozen		Type of shareholder
					Status of shares	Number of shares	
Industrial and Commercial Bank of China Limited – Huatai Bairui CSI 300 Trading Open Index Securities Investment Fund (華泰柏瑞滬深300交易型開放式指數證券投資基金)	+8,188,003	8,188,003	0.26	0	Unknown		Other
China Southern Fund – Agricultural Bank – China Southern China Securities and Financial Assets Management Program (南方基金 – 農業銀行 – 南方中證金融資產管理計劃)	-645,436	7,834,964	0.25	0	Unknown		Other
GF Fund – Agricultural Bank – GF China Securities and Financial Assets Management Program (廣發基金 – 農業銀行 – 廣發中證金融資產管理計劃)	-951,800	7,528,600	0.24	0	Unknown		Other
Dacheng Fund – Agricultural Bank – Dacheng China Securities and Financial Assets Management Program (大成基金 – 農業銀行 – 大成中證金融資產管理計劃)	-1,029,800	7,450,600	0.24	0	Unknown		Other

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

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

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

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

Name of shareholder	Number of tradable shares held not subject to trading moratorium	Class and number of shares	
		Class of shares	Number
Dongfang Electric Corporation	977,476,763	RMB ordinary shares	977,476,763
Hong Kong Securities Clearing Company Limited	337,894,369	Overseas-listed foreign shares	337,894,369
National Social Security Fund 113 Portfolio (全國社保基金一一三組合)	35,579,864	RMB ordinary shares	35,579,864
Basic pension insurance fund 802 portfolio (基本養老保險基金八零二組合)	24,545,758	RMB ordinary shares	24,545,758
Guoshou Pension Strategy No. 4 Stock-based Pension Product (國壽養老策略4號股票型養老金產品) – Industrial and Commercial Bank of China Limited	23,243,168	RMB ordinary shares	23,243,168
He Haibo	11,688,800	RMB ordinary shares	11,688,800
Industrial and Commercial Bank of China Limited – Huatai Bairui CSI 300 Trading Open Index Securities Investment Fund (華泰柏瑞滬深300交易型開放式指數證券投資基金)	8,188,003	RMB ordinary shares	8,188,003
China Southern Fund – Agricultural Bank – China Southern China Securities and Financial Assets Management Program (南方基金–農業銀行–南方中證金融資資產管理計劃)	7,834,964	RMB ordinary shares	7,834,964
GF Fund – Agricultural Bank – GF China Securities and Financial Assets Management Program (廣發基金–農業銀行–廣發中證金 融資資產管理計劃)	7,528,600	RMB ordinary shares	7,528,600
Dacheng Fund – Agricultural Bank – Dacheng China Securities and Financial Assets Management Program (大成基金–農業銀行–大成中證金融資資產管理計劃)	7,450,600	RMB ordinary shares	7,450,600
Explanation on the special repurchase accounts under the top ten shareholders	Nil		
Explanation on the voting rights entrusted by or to, or waived by the above shareholders	Nil		
Explanation on the connected relationship or concerted actions among the aforesaid shareholders	The Company is not aware of any connected relationship or concerted actions among the top ten shareholders and top ten holders of tradable shares		
Explanation on holders of preference shares with restored voting rights and number of shares held	Nil		

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

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

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

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

Unit: share

No.	Name of holders of shares subject to trading moratorium	Number of shares held subject to trading moratorium	Shares subject to trading moratorium available for listing and trading	
			Time available for listing and trading	Number of additional shares available for listing and trading
1	Dongfang Electric Corporation	753,903,063	See Note 1	0
2	Gong Dan	50,000	24 months, 36 months and 48 months from the completion date of registration of the Restricted Shares under the grant.	50,000
3	Gao Feng	50,000	24 months, 36 months and 48 months from the completion date of registration of the Restricted Shares under the grant.	50,000
4	Wang Weimin	25,000	24 months, 36 months and 48 months from the completion date of registration of the Restricted Shares under the grant.	25,000
5	Hu Xiukui	25,000	24 months, 36 months and 48 months from the completion date of registration of the Restricted Shares under the grant.	25,000
6	Wang Jun	25,000	24 months, 36 months and 48 months from the completion date of registration of the Restricted Shares under the grant.	25,000
7	Li Jianhua	25,000	24 months, 36 months and 48 months from the completion date of registration of the Restricted Shares under the grant.	25,000
8	Liu Hui	25,000	24 months, 36 months and 48 months from the completion date of registration of the Restricted Shares under the grant.	25,000
9	Wu Jiandong	25,000	24 months, 36 months and 48 months from the completion date of registration of the Restricted Shares under the grant.	25,000
10	Chen Qiang	25,000	24 months, 36 months and 48 months from the completion date of registration of the Restricted Shares under the grant.	25,000

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

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

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

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

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

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

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

III. INFORMATION OF CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER

(I) Information of Controlling Shareholder

1. Legal person

Name	Dongfang Electric Corporation
Person in charge of the company or legal representative	Yu Peigen
Date of establishment	6 November 1984
Principal business	Operation of state-owned assets within the scope as authorized by the State-owned Assets Supervision and Administration Commission of the State Council, and related investment business; operation and management of the assets of invested companies and directly affiliated enterprises; general equipment manufacturing; special equipment manufacturing; transportation equipment manufacturing; electrical machinery and equipment manufacturing; communication equipment, computer and other electronic equipment manufacturing; instrumentation, cultural and office machinery manufacturing; electricity and heat generation and supply; gas production and supply; water production and supply; housing and civil engineering construction; construction and installation; other construction; road transportation; urban public transportation; computer service; software; wholesale; other financial activities; real estate; house leasing; education; polysilicon; chemical raw materials and chemical products; business services; research and experimental development; professional technical services; technology exchange and promotion service; environmental management; general contracting for domestic and foreign projects; international trade. (The above business scope does not cover legitimate projects that require pre-approval or permission in accordance with the laws, regulations and the State Council's decisions).
Equity interests in other controlled and invested companies whose shares were listed in the PRC or overseas during the Reporting Period	Stock account under the Controlling Shareholder of the Group also held shares of the following listed companies as at the end of 2023:

Stock Code	Company Name	Number of Shares Held
600011	Huaneng Power International	500,000
600027	Huadian Power International	200,000
600795	GD Power	3,040,000
601985	China Nuclear Power	800,000
601991	Datang International Power Generation	17,173,679
601399	SINOMACH-HI Equipment	85,455,868

Other explanation

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

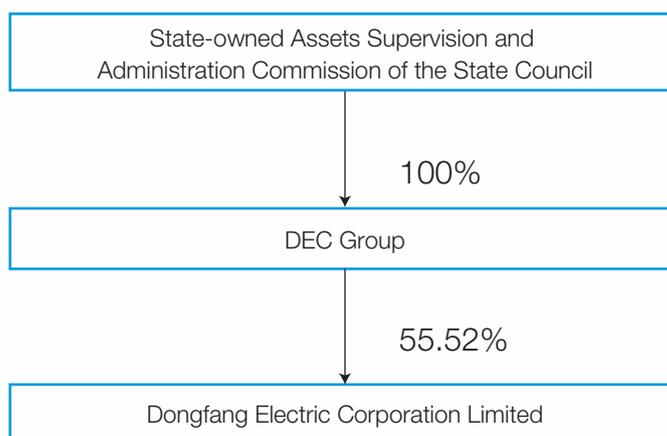
III. INFORMATION OF CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER (CONTINUED)

(II) Information of De Facto Controller

1. Legal person

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

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



CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

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

(III) INTERESTS OF SUBSTANTIAL SHAREHOLDERS

To the best knowledge of the Directors, as of 31 December 2023, the following person was recorded in the register required to be kept pursuant to Section 336 of the Hong Kong Securities and Futures Ordinance as the substantial shareholder (defined in the Hong Kong Securities and Futures Ordinance) of the Company, whose interests were as follows:

Name	Share class	Capacity	Number of shares held	Percentage of total share capital (%)	Percentage in the respective class of share capital (%)
Dongfang Electric A Shares Corporation		Beneficial owner	1,731,379,826(L)	55.52(L)	62.31(L)
	H Shares	Interest held by controlled corporation	858,800(L)	0.03(L)	0.25(L)

(L) – Long position

Notes:

1. Dongfang Electric Corporation held 100% of interests in Dongfang Electric (HongKong) Limited, therefore, Dongfang Electric Corporation was deemed to own the interests in such H shares held by Dongfang Electric (Hong Kong) Limited pursuant to the Hong Kong Securities and Futures Ordinance.
2. The above interests held by Dongfang Electric Corporation reflected its latest disclosure of interests of substantial Shareholder under the Hong Kong Securities and Futures Ordinance.
3. The above percentage of total share capital and the percentage in the respective class of share capital were calculated on the basis of total share capital and respective class of share capital of the Company as at 31 December 2023.

Save as disclosed above, as at 31 December 2023, the Company did not record other interests (including derivative interests) or short positions in the register required to be kept pursuant to Section 336 of the Hong Kong Securities and Futures Ordinance.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION

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

Unit: share

Name	Position (Note)	Gender	Age	Commencement of term of office	Expiry of term of office	Number of share held at the beginning of the year	Number of shares held at the end of the year	Number of shares changed during the year	Reasons for change	Total remuneration received from the Company in Reporting Period <i>(RMB'000)</i>	Whether get payment from related parties
Yu Peigen	Chairman	Male	61	29 June 2021	28 June 2024	0	0	0			Yes
Song Zhiyuan	Director	Male	59	24 February 2023	28 June 2024	0	0	0			Yes
Liu Zhiqian	Director, chief accountant	Male	55	30 March 2022	28 June 2024	0	0	0			Yes
Sun Guojun	Director, senior vice president	Male	55	5 January 2024	28 June 2024	0	0	0			Yes
Zhang Yanjun	Director, senior vice president	Male	53	29 June 2021	28 June 2024	0	0	0			Yes
Liu Dengqing	Independent Director	Male	53	29 June 2021	28 June 2024	0	0	0		10.40	No
Huang Feng	Independent Director	Male	67	29 June 2021	28 June 2024	0	0	0		11.30	No
Zeng Daorong	Independent Director	Male	63	29 June 2021	28 June 2024	0	0	0		0	No
Wang Zhiwen	Chairman of the Supervisory Committee	Male	56	29 June 2021	28 June 2024	0	0	0		91.35	No
Hu Weidong	Supervisor	Male	55	30 June 2022	28 June 2024	0	0	0		0	Yes
Liang Shuo	Supervisor	Female	53	30 March 2023	28 June 2024	20,000	18,000	-2,000	Holding reduction through centralized bidding transactions	74.50	No
Li Zhongjun	Senior vice president	Male	51	14 September 2022	28 June 2024	0	0	0		0	Yes
Hu Xiukui	Vice president	Male	56	5 July 2021	28 June 2024	67,000	65,000	-2,000	Holding reduction through centralized bidding transactions	180.44	No
Feng Yong	Secretary to the Board	Male	56	13 March 2023	28 June 2024	0	0	0		91.00	No
Wang Jun	Vice president	Male	51	27 September 2023	28 June 2024	50,000	25,000	0		250.02	No
Li Jianhua	Vice president	Male	52	27 September 2023	28 June 2024	62,000	62,000	0		153.53	No
Xu Peng	Former director and president	Male	58	29 June 2021	3 February 2023	0	0	0		0	Yes
Gong Dan	Former secretary to the Board	Male	60	29 June 2021	13 March 2023	121,540	121,540	0		76.17	No
Wang Weimin	Former vice president	Male	60	29 June 2021	9 June 2023	67,000	67,000	0		82.33	No
Total	/	/	/	/	/	387,540	368,540	-4,000	/	1,021.04	/

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

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

- Notes:*
1. Zhang Jilie, former Director and senior vice president of the Company, resigned in January 2024. During the Reporting Period, Zhang Jilie did not hold any shares of the Company and did not receive any emolument from the Company.
 2. Ma Yongqiang, the former independent Director of the Company, resigned from his position as an independent Director of the Company in December 2023, and ceased to perform his responsibility as an independent Director in February 2024. Ma Yongqiang received a salary of RMB110,000 (before tax) during the Reporting Period.
 3. Gao Feng, the former vice president of the Company, resigned in March 2024. At the beginning of the Reporting Period, he held 120,500 shares of the Company, and at the end of the Reporting Period, he held 117,500 shares of the Company. During the Reporting Period, he reduced his holdings by 3,000 shares through centralized bidding transactions; Gao Feng received a salary of RMB1,091,400 (before tax) during the Reporting Period.
 4. Liang Shuo was elected as a Supervisor of the Company on 30 March 2023, and She reduced her holdings of the Company's Shares by 2,000 Shares between 1 January 2023 and 29 March 2023. Her holdings of, and dealings in, the Company's Shares between 1 January 2023 and 29 March 2023 were not subject to the Administrative Rules Concerning the Holding and Change of Shares held by Directors, Supervisors and Senior Management of a Listed Company and other provisions.
 5. Wang Jun was appointed as the vice president of the Company on 27 September 2023, and he reduced his holdings of the Company's Shares by 25,000 Shares between 1 January 2023 and 27 September 2023. His holdings of, and dealings in, the Company's Shares between 1 January 2023 and 27 September 2023 were not subject to the Administrative Rules Concerning the Holding and Change of Shares held by Directors, Supervisors and Senior Management of a Listed Company and other provisions.
 6. The total remuneration received by Hu Xiuqi, Wang Jun and Li Jianhua from the Company during the Reporting Period included the tenure incentive income received during their tenure at the subsidiaries.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

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

Explanations on other matters

Save as disclosed above, none of the Directors, Supervisors and senior management of the Company or their respective associates was granted by the Company or its subsidiaries any right to acquire shares or debentures of the Company nor had they exercised any such right before 31 December 2023.

Save as disclosed above, as at 31 December 2023, none of the Directors, Supervisors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associate corporations (within the meaning under Part XV of the Securities and Futures Ordinance), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (including interests or short positions which they were taken or deemed to have under such provisions of the Securities and Futures Ordinance); or which were required to be recorded in the register kept by the Company pursuant to section 352 of the Securities and Futures Ordinance; or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix C3 to the Listing Rules ("Model Code") adopted by the Company.

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

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

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

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

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

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

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

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

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

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

Name	Principal working experience
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Sun Guojun	Born in November 1968, is currently a Director and senior vice president of the Company, a deputy general manager and member of the Party Leadership Group of Dongfang Electric Corporation. He graduated from Northeast University of Finance and Economics with a bachelor's degree in material economics and management, and graduated from the Institute of Economics, Renmin University of China with a master's degree in economics, majoring in national economic planning and management. He had successively served as a principal staff member of the third division of planning (規劃三處) and a deputy division director of the general division (綜合處) of the Department of Development Planning of the State Planning Commission (國家計委發展規劃司); a deputy division director of the Integrated Planning Team of the Western Region Development Office of the State Council (國務院西部開發辦綜合規劃組); a division director of the General Economy Research Department (總體經濟研究司) of the Research Office of the State Council (國務院研究室); a deputy director of the General Economy Research Department (總體經濟研究司) of the Research Office of the State Council (國務院研究室), a deputy director of the Comprehensive Research Department (綜合研究司), an inspector of the General Economy Research Department, the director of the Integrated Research First Development (綜合研究一司) of the Research Office of the State Council; a member of the Party group and the director of the Integrated Research First Development (Development Strategy Research Department) of the Research Office of the State Council; a member of the Party group of the Research Office of the State Council. He has served as a deputy general manager and a member of the Party group of Dongfang Electric Corporation since March 2023, and has served as a senior vice president of the Company since January 2024 and a Director of the Company since February 2024.
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DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

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

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

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

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

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

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

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

Name	Principal working experience
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Zeng Daorong	Born in November 1960, is currently an independent non-executive Director of the Company, with graduate degree, holding a doctor's degree in management, a professor and Grade 3 Staff, graduated from Southwestern University of Finance and Economics in July 1986, majoring in accounting, and stayed on as a teacher in the university. He served as deputy secretary of the general branch of the School of Accounting of Southwestern University of Finance and Economics from February 1992 to February 1994; the deputy director and director of the General Affairs Office of Southwestern University of Finance and Economics from February 1994 to September 2000; the general manager of Logistics Service Corporation (後勤服務總公司) from September 2000 to July 2007; the assistant to the president of Southwestern University of Finance and Economics and the general manager of Logistics Service Corporation from July 2007 to June 2008; a member of the standing committee and vice president of the committee of Southwestern University of Finance and Economics from June 2008 to December 2012; the deputy secretary of the committee of Southwestern University of Finance and Economics from December 2012 to August 2022. He has served as an independent non-executive Director of the Company since February 2024.
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DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

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

Name	Principal working experience
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Wang Zhiwen	Born in February 1967, is currently the chairman of the Supervisory Committee of the Company, employee supervisor, general legal advisor, chief compliance officer, and head of the corporate governance department of the Company, general legal advisor, chief compliance officer, and head of the corporate governance department of Dongfang Electric Corporation. He graduated from the School of Energy and Power Engineering of Xi'an Jiaotong University with a bachelor's degree in thermal energy engineering (boiler) and from Sichuan University with a master's degree in law; he is a senior engineer and corporate law consultant. He successively served as the deputy head of the corporate management department, the deputy head of the legal affairs department, the head of the legal and audit department, the head of the corporate management and legal affairs department, the head of the corporate management department/legal affairs department and the head of the legal and risk control department of Dongfang Electric Corporation. He has served as the general legal advisor of Dongfang Electric Corporation since April 2022. He has served as the chief compliance officer and the head of the corporate governance department of Dongfang Electric Corporation since December 2022. He has served as a supervisor of the Company since November 2019, has served as employee supervisor of the Company since May 2021, and has served the head of the corporate governance department of Dongfang Electric Corporation since December 2022; the chairman of the Supervisory Committee of the Company since March 2023; and general legal advisor and chief compliance officer since May 2023.
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Hu Weidong	Born in September 1968, is currently as a Supervisor of the Company, the chairman and general manager of DEC Investment Management Co., Ltd. (東方電氣投資管理有限公司), and the chairman and general manager of DEC Smart Light Energy Co., Ltd.. He graduated from the Heat Power Engineering Department of Chongqing University, majoring in power plant thermal engineering with a bachelor's degree in engineering and from the Heat Power Engineering Department of Chongqing University, majoring in thermal power engineering with a master's degree in engineering; he is a senior engineer. He successively served as the deputy director of the Maintenance Room and chief design engineer of the Complete Design Institute, the assistant to the head of marketing department and the director of project office of Dongfang Electric Corporation (中國東方電氣集團公司), the manager of electromechanical business department and the deputy general manager of Sichuan (DEC) Electric Equipment United Company (四川東方電力設備聯合公司); the deputy general manager and a member of the Party Committee of DEC International Cooperation Limited (東方電氣集團國際合作有限公司); and the secretary of the Party Committee, an executive director and the general manager of DEC Investment Management Co., Ltd. (東方電氣投資管理有限公司). He has served as the chairman and general manager of DEC Investment Management Co., Ltd. (東方電氣投資管理有限公司) since December 2019; a Supervisor of the Company since June 2022; and the chairman and general manager of DEC Smart Light Energy Co., Ltd. since April 2023.
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DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

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

Name	Principal working experience
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Liang Shuo	Born in December 1970, is currently a Supervisor of the Company. She graduated from the School of Network Education at Southwest Jiaotong University in accounting; a senior accountant. She successively served as the assistant director of the audit office, deputy director of the audit department and deputy director of the factory management department; director of audit department of DEC Dongfang Boiler Group Co., Ltd., deputy director of employee management department, director of enterprise management department, director of legal affairs department, director of finance department; deputy head of the audit and supervision department of Dongfang Electric Corporation. From August 2021 to January 2024, she served as the deputy head of the audit and supervision department, deputy director of audit center and deputy director of the office of Supervisory Committee of the Company. She has served as a Supervisor of the Company since March 2023, and a full-time supervisor appointed by Dongfang Electric Corporation to its subsidiaries since January 2024.
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Li Zhongjun	Born in June 1972, is currently a senior vice president of the Company, deputy general manager and a member of Party Leadership Group of Dongfang Electric Corporation. He graduated from School of Economics, Renmin University of China with a bachelor's degree in economics; graduated from the East Europe and Central Asia Institute of Renmin University of China with a master's degree in economics. He successively served as the assistant manager, deputy manager of securities investment department, the deputy manager of financing department, the deputy director and director of financing department of GD Power Development Co., Ltd.; the deputy general manager, secretary of the board of directors, a member of the Party Leadership Group of GD Power Development Co., Ltd.; an executive director, the general manager and a deputy secretary of the Party Committee of Guodian Anhui Power Co., Ltd.; the secretary of the Party Committee and the chairman of the board of directors (legal representative) of Shenwan Energy Company Limited; the chairman (legal representative) and the secretary of the Party Committee of Guoneng Shenwan Energy Company; the secretary of the Party Committee and the chairman (legal representative) of China Longyuan Power Group Corporation Limited. He has been the deputy general manager and a member of the Party Leadership Group of Dongfang Electric Corporation since July 2022, and has been a senior vice president of the Company since September 2022.
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DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

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

Name	Principal working experience
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Hu Xiukui	Born in October 1967, is currently a vice president of the Company, and an assistant to general manager of Dongfang Electric Corporation. Mr. Hu graduated from the School of Energy and Power Engineering of Xi'an Jiaotong University with a bachelor's degree in thermal energy engineering, and is a senior engineer. He has successively served as the deputy director, director of the Design Division, deputy chief engineer, assistant to general manager of Dongfang Boiler (Group) Co., Ltd.; deputy general manager of Dongfang Boiler (Group) Co., Ltd.; the secretary of the Party Committee, chairman of the board of directors of DEC Dongfang Boiler Group Co., Ltd., head of Dongfang Boiler Factory, the general manager of the environmental protection division of Dongfang Electric Corporation Limited. He has served as a vice president of the Company since July 2021, and an assistant to general manager of Dongfang Electric Corporation since September 2023.
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Feng Yong	Born in March 1967, is currently the secretary of the Board, joint company secretary, director of the audit and supervision department, and director of the audit center of the Company, the secretary of the board of directors, chief auditor, and director of the audit and supervision department of Dongfang Electric Corporation. He graduated from Chengdu University of Technology with a bachelor's degree in accounting, and received his master's degree in business administration from the collaborative business administration program between Southwest Jiaotong University and the University of South Australia; a senior accountant. Mr. Feng successively served as the head of finance department and the Party branch secretary of Dongfang Electrical Machinery (東方電機廠); the deputy head of asset and finance department of Dongfang Electric Corporation; the head of finance department of Dongfang Electric Corporation Limited; the head of asset and finance department of Dongfang Electric Corporation; a director, general manager, and secretary of Party Committee of Dongfang Electric Finance Co., Ltd (東方電氣集團財務有限公司). He has served as the head of the audit and supervision department of Dongfang Electric Corporation since November 2019 and the chief auditor of Dongfang Electric Corporation since April 2022. He served as an employee Supervisor from September 2019 to May 2021; chairman of the Supervisory Committee of the Company from May 2022 to March 2023; has served as the director of the office of the Supervisory Committee of the Company from April 2020 to March 2023; the head of the audit and supervision department of the Company since November 2019; the director of the audit centre of the Company since August 2021; secretary of the Board of the Company and secretary of the board of directors of Dongfang Electric Corporation since March 2023 He has served as the joint company secretary of the Company since June 2023.
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DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

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

Name	Principal working experience
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Ms. So Ka Man (“Ms. So”)	Ms. So has served as a joint company secretary of the Company since June 2023. Ms. So is currently a director of Corporate Services Division of Tricor Services Limited, a global professional services provider specializing in integrated Business, Corporate and Investor Services. She has over 20 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. So is a Chartered Secretary, a Chartered Governance Professional and a fellow of both The Hong Kong Chartered Governance Institute (formerly The Hong Kong Institute of Chartered Secretaries) (“HKCGI”) and The Chartered Governance Institute. Ms. So is a holder of the Practitioner’s Endorsement from HKCGI. Ms. So obtained a bachelor’s degree in arts (accountancy) from the Hong Kong Polytechnic University.
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Wang Jun	Born in April 1972, is currently a vice president of the Company. He graduated from Xi’an Jiaotong University and obtained a bachelor’s degree in engineering with major in boiler, and graduated from Zhejiang University with a master’s degree in power engineering, and is a senior engineer. He has served successively as the assistant director and deputy director of the Boiler Research Institute of and deputy director of Technology Center Research Institute of Dongfang Boiler (Group) Co., Ltd.; director of Technology Center Research Institute of Dongfang Boiler Co., Ltd.; a director and executive general manager of Dongfang Hitachi Boiler Co., Limited; a deputy general manager and the chief marketing officer (director) of the marketing and sales centre of Dongfang Boiler Co., Ltd.; a deputy general manager and a member of the standing committee of the Party committee of Dongfang Boiler Co., Ltd., vice director of the Central Research Institute and deputy secretary of the Party committee of Dongfang Electric Corporation (Dongfang Electric Corporation Limited), and an executive director, general manager, legal representative and head of Party Committee Preparation Team of Dongfang Electric (Chengdu) Hydrogen Fuel Cell Technology Co., Ltd.; deputy head and head of the marketing department, and general manager of marketing center in Beijing of Dongfang Electric Corporation (Dongfang Electric Corporation Limited). From August 2021 to January 2024, he successively served as secretary of the Party committee and the chairman of the board of directors of Dongfang Electric Machinery Co., Ltd.. He has served as a vice president of the Company since September 2023.
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DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

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

Name	Principal working experience
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Li Jianhua	Born in November 1971, is currently a vice president of the Company, the chairman of the board of directors and secretary of the Party committee of DEC International Cooperation Limited, graduated from the Department of Mechanical Engineering at the East China University of Technology, majoring in mechanical manufacturing technology and equipment. And he obtained a master's degree in management as a management economics major from Nanyang Technological University, Singapore and is a senior economist and senior engineer. He has successively served as the deputy section chief of the plant office, deputy director of the foreign trade division, deputy director of the marketing division and director of the international cooperation division of DEC Dongfang Steam Turbine Co., Ltd. (東方電氣集團東方汽輪機有限公司); he served as the deputy general manager and the general manager of the combustion engine business division of Dongfang Electric Corporation Limited (東方電氣股份有限公司); the head of the industrial development department and the general manager of Beijing marketing centre of Dongfang Electric Corporation (中國東方電氣集團有限公司) (Corporation Limited). Since December 2022, he has been the chairman of the board of directors and secretary of the Party committee of DEC International Cooperation Limited (東方電氣集團國際合作有限公司). He has served as a vice president of the Company since September 2023.
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DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

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

Unit: share

Name	Position	Number of restricted Shares held at the beginning of the year	Number of new restricted Shares granted during the Reporting Period	Grant price of restricted Shares (Yuan)	Locked Shares	Unlocked Shares	Number of restricted Shares held at the end of the period	Market price at the end of the Reporting Period (Yuan)
Hu Xiukui	Vice president	50,000	0	5.93	25,000	25,000	25,000	14.62
Wang Jun	Vice president	50,000	0	5.93	25,000	25,000	25,000	14.62
Li Jianhua	Vice president	50,000	0	5.93	25,000	25,000	25,000	14.62
Gong Dan	Former secretary to the Board	100,000	0	5.93	50,000	50,000	50,000	14.62
Gao Feng	Former vice president	100,000	0	5.93	50,000	50,000	50,000	14.62
Wang Weimin	Former vice president	50,000	0	5.93	25,000	25,000	25,000	14.62
Total	/	400,000	0	/	200,000	200,000	200,000	/

- Notes:*
- The trading of the third tranche of unlocked shares under the First Grant under the Restricted A Share Incentive Scheme for 2019 of the Company commenced on 9 January 2024, and 25,000 A Shares held by Hu Xiukui were unlocked, 25,000 A Shares held by Wang Jun were unlocked, 25,000 A Shares held by Li Jianhua were unlocked, and 50,000 A Shares held by Gao Feng were unlocked.
 - On 14 March 2024, the Company repurchased 50,000 restricted shares of Gong Dan that had been granted but not yet unlocked, and repurchased 25,000 restricted shares of Wang Weimin that had been granted but not yet unlocked.
 - Former secretary of the Board of the Company Gong Dan resigned from the position due to retirement on 13 March 2023, former vice president of the Company Wang Weimin resigned from the position due to retirement on 9 June 2023, and former vice president of the Company Gao Feng resigned from the position due to retirement on 7 March 2024.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

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

(I) Positions held in shareholders entities

Name	Name of shareholders entities	Positions held in shareholders entities	Commencement of term of office	Expiry of term of office
Yu Peigen	Dongfang Electric Corporation	Secretary of the Party Committee, Chairman of the Board of Directors	April 2021	
Song Zhiyuan	Dongfang Electric Corporation	Director, Deputy Secretary of Party Leadership Group	October 2021	
Liu Zhiqian	Dongfang Electric Corporation	Member of Party Leadership Group, Chief Accountant	Serving as a Member of Party Leadership Group since February 2022; as Chief Accountant since March 2022	
Sun Guojun	Dongfang Electric Corporation	Member of Party Leadership Group, Deputy General Manager	March 2023	
Liang Shuo	Dongfang Electric Corporation	Deputy Director of Audit and Supervision Department	Serving as Deputy Director of Audit and Supervision Department since October 2020	No longer serving as Deputy Director of Audit and Supervision Department since January 2024
		Full-time Supervisor Appointed to Subsidiaries	Serving as Full-time Supervisor Appointed to Subsidiaries since January 2024	
Li Zhongjun	Dongfang Electric Corporation	Deputy General Manager, Member of Party Leadership Group	July 2022	
Wang Zhiwen	Dongfang Electric Corporation	Chief Law Consultant, Chief Compliance Officer, Head of the Corporate Governance Department	Serving as Chief Law Consultant since April 2022; as Chief Compliance Officer since December 2022; as Head of the Corporate Governance Department since December 2022	

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

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

(I) Positions held in shareholders entities (Continued)

Name	Name of shareholders entities	Positions held in shareholders entities	Commencement of term of office	Expiry of term of office
Hu Xiukui	Dongfang Electric Corporation	Assistant to General Manager	September 2023	
Feng Yong	Dongfang Electric Corporation	Chief Auditor, Secretary of the Board of Directors, Director of Audit and Supervision Department	Serving as Director of Audit and Supervision Department since November 2019; as Chief Auditor since April 2022; as Secretary of the Board of Directors since March 2023	
Xu Peng	Dongfang Electric Corporation	Deputy Secretary of Party Leadership Group, Director, General Manager	August 2021	February 2023
Gong Dan	Dongfang Electric Corporation	Secretary to the Board of Directors	December 2017	March 2023
Explanations on particulars of positions held in shareholders entities	<ol style="list-style-type: none"> For the commencing date of the above person's positions held in shareholders entities, please refer to preceding detailed biographies of Directors, Supervisors and senior management. The independent directors are of the view that, during the Reporting Period, the senior management of the Company who worked part-time at the controlling shareholder were diligent and responsible, properly managed the relationship between the Company and the controlling shareholder and safeguarded the interests of all shareholders, and no acts were found to be detrimental to the interests of the listed company and its minority shareholders as a result of the part-time employment arrangement. Zhang Jilie, former director and senior vice president of the Company, resigned in January 2024. He served as a member of the Party Leadership Group of Dongfang Electric Corporation from August 2017 to December 2023, and as a deputy general manager of Dongfang Electric Corporation from September 2017 to December 2023. 			

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

II. REMUNERATIONS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Decision-making procedures for the remuneration of Directors, Supervisors and senior management	Remuneration of Directors and Supervisors (not employee Supervisors) of the Company is considered and determined by the general meeting. That of senior management is determined by the Board of the Company.
Basis of determination for the remuneration of Directors, Supervisors and senior management	Remuneration of Directors, Supervisors and senior management of the Company is determined based on the operating performance, job responsibilities and the results of annual performance.
Remuneration payable to Directors, Supervisors and senior management	Please refer to “Particulars about changes in the shareholding and remuneration of existing Directors, Supervisors and senior management during the Reporting Period” for details.
Total remuneration actually paid to Directors, Supervisors and senior management as at the end of the Reporting Period	During the Reporting Period, there were a total of 22 incumbent Directors, Supervisors and members of senior management, including 3 independent Directors, 2 supervisors and 7 senior management. The remuneration actually received from the Company was RMB11,411,800 (before tax) in total during the Reporting Period.

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

Name	Position	Change situation	Reasons for changes
Song Zhiyuan	Director	Elected	
Sun Guojun	Director, senior vice president	Elected	
Zeng Daorong	Independent director	Elected	
Feng Yong	Secretary to the Board	Appointed	
Liang Shuo	Supervisor	Elected	
Wang Jun	Vice president	Appointed	
Li Jianhua	Vice president	Appointed	
Xu Peng	Director, president	Resigned	Job reallocation
Zhang Jilie	Director, senior vice president	Resigned	Retirement
Gong Dan	Secretary to the Board	Resigned	Retirement
Ma Yongqiang	Independent director	Resigned	Job reallocation
Gao Feng	Vice president	Resigned	Retirement
Wang Weimin	Vice president	Resigned	Retirement

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

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

Nil

V. EMPLOYEES OF THE COMPANY AND PRINCIPAL SUBSIDIARIES

(I) Information on employees

	2023
The number of employees on register of the Company	331
The number of employees on register of principal subsidiaries	17,095
Total	17,426
The number of retired employees whose expenses shall be assumed by the Company and principal subsidiaries	29

Professional composition

Category of professional structure	Number of professional structure
Production	6,568
Sales	892
Technical	8,227
Financial	408
Administrative	1,331
Total	17,426

Background education

Category of background education	Number (person)
Master degree and above	2,591
Bachelor degree	8,055
Tertiary degree	3,599
Technical secondary and below	3,181
Total	17,426

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

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

(II) Number of Employees and Remuneration

During the Reporting Period, the average number of employees at the Company was 17,386, and the average number of labor dispatch personnel was 634. The total amount of remuneration paid to the employees during the year was RMB3,331.14 million, and the total amount of remuneration paid to the labor dispatch personnel during the year was RMB64.54 million.

(III) Remuneration Policy

During the Reporting Period, the Company established a total salary determination mechanism for “strategic leadership, performance-linked, effectiveness-adjusted, benchmarking-adjusted, cycle-adjusted and rewards and punishments for all employees” based on the requirements of the “one adaptation, two linkage” salary determination mechanism. It optimized the remuneration management system, balanced the management and delegation, steadily promoted the implementation of the assessment and allocation powers of the board of directors of enterprises, and established a differentiated remuneration decision mechanism that is compatible with the enterprise’s function and nature, stage of development, and level of contribution. It 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 operators, and realized the full coverage of tenure system and contractual management in the Group’s business divisions and subsidiaries at all levels. Strictly in accordance with the requirements of the SASAC, it guided the members of senior management of enterprises to sign the “three books” on tenure, and decomposed and implemented the “operating performance indicators + leading strategic indicators” at each level and for each person. In accordance with the contract agreement, the Company has rigidly implemented the rigid payment of the 2022 annual salary of enterprise management team members and the incentive income for the term of 2020–2022, and promoted the assessment and distribution of the second term of the enterprise management team with stricter requirements, higher standards, and higher quality. The Company continued to promote the performance management of all employees, established the evaluation mechanism of differentiated distribution of enterprise employees’ remuneration, tailored the quantitative standard of differentiated distribution of remuneration for different enterprises, actively implemented middle and long-term incentives, and tilted remuneration distribution to key core talents.

The remuneration of the senior management of the Company by bands for the year ended 31 December 2023 is set out below:

Bands RMB	Number of senior management	
	2023	2022
0 – 300,000	5	5*
300,001 – 600,000	0	0
600,001 – 900,000	2	2*
900,001 – 1,200,000	2	2
1,500,001 – 1,800,000	1	–
1,800,001 – 2,100,000	1	–
2,400,001 – 2,700,000	1	–

* 5 senior management of the Company did not receive remuneration from the Company in 2022. 5 senior management of the Company did not receive remuneration from the Company in 2023. Feng Yong resigned as the Supervisor of the Company on 13 March 2023; Xu Peng resigned as the Director and president of the Company on 3 February 2023; former secretary of the Board of the Company Gong Dan resigned from the position due to retirement on 13 March 2023; and former vice president of the Company Wang Weimin resigned from the position due to retirement on 9 June 2023.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

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

(IV) Training Programs

During the Reporting Period, the Company promoted the implementation of the strategy of strengthening the enterprise with talents and talents leadership, strengthened the education and training of the Group's leaders at all levels and various types of professional talents, and continued to implement the "six talent training projects" to help employees improve their abilities and performance around the strategic new industries and the green, low-carbon and digital transformation, gradually and progressively carried out trainings for business management, professional technology, and skilled talents. The Company insisted on combining theoretical learning and professional competence training, making good use of the Group's internal and external training resources, and giving full play to the advantages of online and offline coordinated training. The training programmes cover areas such as enhancing independent research and development capabilities, expanding professional knowledge and business capabilities, safety production and occupational health. Training ways were continuously enriched to improve effectiveness of training.

VI. OTHERS

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

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

(II) Directors' and Supervisors' Service Contracts

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

FINANCIAL REPORT

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DONGFANG ELECTRIC CORPORATION LIMITED

AUDITOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

DONGFANG ELECTRIC CORPORATION LIMITED
AUDITOR'S REPORT AND FINANCIAL STATEMENTS
(FOR THE YEAR ENDED DECEMBER 31, 2023)

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Auditor's Report

Xin Kuai Shi Bao Zi [2024] No. ZG11232

To the Shareholders of Dongfang Electric Corporation Limited,

Opinion

We have audited the accompanying financial statements of Dongfang Electric Corporation Limited(hereinafter referred to as the "Company"),which comprise the consolidated and company's balance sheets as at December 31, 2023, the consolidated and company's income statements, the consolidated and company's statements of cash flows, and the consolidatedand company's statements of changes in shareholders' equity for the year then ended, notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial position as at December 31, 2023, and the consolidated and company's financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matters in our audit.

(I)Revenue recognition

1. Key Audit Matters

For details of the accounting policies for revenue recognition, please refer to the accounting policies described in the Notes to the Financial Statements "III. Important Accounting Policies and Accounting Estimates"(30) and "V. Notes on Consolidated Financial Statements (Note 53)".



For the year ended December 31, 2023, the operating income recognized by the Company amounted to RMB 60.67 billion. The completeness and accuracy of operating income may significantly impact the financial performance of the Company. Meanwhile, revenue recognised over time within the performance period involves significant management judgments and estimates, which may affect whether Dongfang Electric recognizes revenue in the appropriate accounting period according to the performance period. Therefore, relevant revenue recognition is determined as a key audit matter.

2. How these matters were addressed in the audit

Our audit procedures in relation to revenue recognition include:

- (1) Understanding and evaluating the design of internal control in the sales process from the approval of sales contracts to the record of sales revenue, and testing the effectiveness of key control process execution;
- (2) Examining significant sales contracts and interviewing with key management personnel to analyze the contracts by five-step model and to assess the composition of performance obligations and the time point of control transfer, and then to evaluate whether the recognition policy of sales revenue meets the requirements of Accounting Standards for Business Enterprises;
- (3) Contract review for relevant major contracts and key terms in accordance with the revenue recognition accounting policy;
- (4) Inspecting supporting documents, on sample basis, in relation to managements estimated total revenue and estimated total cost based on the contract and cost budget data, to evaluate whether the management's estimate is reasonable and whether the supporting documents are sufficient;
- (5) Inspecting supporting documents, on sample basis, such as sales contracts, invoices, transportation bills, and progress confirmations sheets to evaluate the occurrence and accuracy of actual costs;
- (6) Inspecting, on sample basis, contracts, invoices, goods received notes and other business documents, to verify the reasonableness and completeness of revenue recognition at the time of performance;
- (7) Inspecting the original documents related to revenue recognition of transactions, on sample basis, before and after the balance sheet date, to evaluate whether revenue is recorded in the appropriate accounting period;
- (8) Inspecting disclosure in relation to operating income to evaluate whether operating income has been properly presented and disclosed in the financial statements.

Other Information

Management of the Company (“management”) is responsible for the other information. The other information comprises all of the information included in the 2023 annual report of the Company, other than the financial statements and our auditor’s report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent



with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the requirements of Accounting Standards for Business Enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Company's ability to continue as a going concern, disclosing, if applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with CSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- (4) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Company to cease to continue as a going concern.
- (5) Evaluate the overall presentation (including the disclosures), structure and contents of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

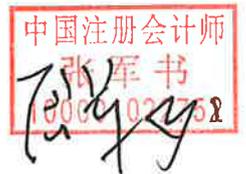


立信会计师事务所(特殊普通合伙)
BDO CHINA SHU LUN PAN CERTIFIED PUBLIC ACCOUNTANTS LLP

(There is no text in this page.)



Certified Public Accountant of China:
(Engagement Partner):



Certified Public Accountant of China:



Certified Public Accountant of China:



Shanghai, China

March 28, 2024

Dongfang Electric Corporation Limited
Consolidated Balance Sheet
As at December 31, 2023

(All the amounts are denominated in RMB unless otherwise stated.)

Assets	Note	Balance as at December 31,2023	Balance as at December 31,2022
Current assets:			
Monetary funds	5.1	17,129,250,869.93	15,046,864,722.66
Provisions for settlement			
Loans to banks and other financial institutions	5.2		30,000,000.00
Trading financial assets	5.3	867,176,939.12	1,031,815,888.77
Derivative financial assets			
Notes receivable	5.4	1,152,624,005.12	1,260,464,701.22
Accounts receivable	5.5	10,714,105,864.95	10,095,931,789.15
Receivables financing	5.6	1,997,629,532.50	1,553,557,305.66
Advances to suppliers	5.7	7,919,037,467.33	5,485,755,129.92
Premiums receivable			
Reinsurance accounts receivable			
Reserves receivable for reinsurance contracts			
Other receivables	5.8	412,067,046.11	508,408,307.14
Purchase and resale of financial assets	5.9	2,959,861,095.88	1,390,000,000.00
Inventories	5.10	18,136,582,872.93	18,455,505,214.06
Taxes payable	5.11	12,419,968,866.48	10,686,328,637.66
Assets held for sale			
Non-current assets due within one year	5.12	530,902,406.26	931,706,413.91
Other current assets	5.13	1,450,120,565.18	947,764,278.78
Total current assets		75,689,327,531.79	67,424,102,388.93
Non-current assets:			
Disbursement loans and advances	5.14	5,618,011,791.46	4,548,783,922.30
Investment in debt	5.15	19,072,837,013.51	25,380,129,406.70
Other debt investments			
Long-term receivables	5.16	201,486,860.12	175,090,435.83
Long-term equity investments	5.17	1,783,080,682.00	2,398,321,350.77
Other equity instrument investments	5.18	495,874,463.26	643,319,010.30
Other non-current financial assets			
Investment properties	5.19	146,049,853.94	148,621,837.35
Fixed assets	5.20	5,034,900,621.59	4,876,316,350.33
Construction in progress	5.21	789,077,246.34	375,883,613.38
Productive biological assets			
Oil and gas properties			
Right-of-use assets	5.22	345,268,409.32	297,189,745.62
Intangible assets	5.23	1,847,810,552.21	1,761,826,282.17
Development expenditure	5.24	4,682,571.60	5,250,961.72
Goodwill			
Long-term deferred expenses	5.25	2,116,601.80	2,184,738.06
Deferred tax assets	5.26	3,227,909,778.01	3,207,930,774.18
Other non-current assets	5.27	6,849,939,364.67	4,099,399,623.76
Total non-current assets		45,419,045,809.83	47,920,248,052.47
Total assets		121,108,373,341.62	115,344,350,441.40

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

Legal Representative:

Chief Accountant:

Accountant in Charge:

Dongfang Electric Corporation Limited
Consolidated Balance Sheet (Continued)
As at December 31, 2023

(All the amounts are denominated in RMB unless otherwise stated.) Liabilities and owners' equity	Note	Balance as at December 31, 2023	Balance as at December 31, 2022
Current liabilities:			
Short-term borrowings	5.29	110,165,544.44	103,235,027.02
Borrowing from the central bank			
Borrowing of funds			
Transactional financial liabilities			
Derivative financial liabilities	5.30		2,725,701.24
Notes payable	5.31	13,892,247,700.54	10,026,704,197.84
Accounts payable	5.32	19,306,103,748.81	17,353,950,237.27
Advances from customers			
Contract liabilities	5.33	32,171,926,049.36	32,191,912,772.36
Sell repurchased financial assets			
Deposit absorption and interbank deposit	5.34	592,069,004.07	4,389,305,510.35
Agent buying and selling securities			
Underwriting securities as an agent			
Employee benefit payable	5.35	864,060,140.44	842,351,285.36
Taxes payable	5.36	439,788,690.24	331,024,291.65
Other payables	5.37	1,488,320,214.72	1,267,004,545.61
Fees and commissions payable			
Reinsurance accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year	5.38	316,029,312.52	626,010,598.59
Other current liabilities	5.39	2,068,383,806.37	294,431,940.09
Total current liabilities		71,249,094,211.51	67,428,656,107.38
Non-current liabilities:			
Insurance contract reserves			
Long-term borrowings	5.40	1,383,426,409.20	951,113,407.87
Bonds payable			
Including: preferred stock			
Debt in perpetuity			
Lease liabilities	5.41	229,988,566.36	184,843,215.08
Long-term payables	5.42	240,000.00	240,000.00
Long-term Employee benefit payable	5.43	1,053,539,276.41	1,047,826,935.57
Estimated liabilities	5.44	5,426,724,118.48	6,633,580,833.59
Deferred income	5.45	365,329,892.74	338,173,895.13
Deferred tax liabilities	5.26	180,156,104.32	124,341,319.06
Other non-current liabilities			
Total non-current liabilities		8,639,404,367.51	9,280,119,606.30
Total liabilities		79,888,498,579.02	76,708,775,713.68
Owners' equity:			
share capital	5.46	3,118,533,797.00	3,118,807,797.00
Other equity instruments			
Including: preferred stock			
Debt in perpetuity			
Capital reserves	5.47	11,566,006,626.86	11,650,956,621.11
Less: treasury stock	5.48	111,093,911.81	112,550,221.81
Other comprehensive income	5.49	-129,954,183.72	262,952.31
Special purpose reserve	5.50	126,393,962.48	129,425,897.03
Surplus reserves	5.51	1,337,132,818.92	1,201,503,540.86
General risk provision			
Undistributed profit	5.52	21,337,876,676.79	19,003,660,394.74
Total owner's equity attributable to the company		37,244,895,786.52	34,992,066,981.24
Minority shareholders' equity		3,974,978,976.08	3,643,507,746.48
Total owners' equity		41,219,874,762.60	38,635,574,727.72
Total liabilities and owners' equity		121,108,373,341.62	115,344,350,441.40

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

Legal Representative:

Chief Accountant:

Accountant in Charge:

Dongfang Electric Corporation Limited
Company's Balance Sheet
As at December 31, 2023

(All the amounts are denominated in RMB unless otherwise stated.)Assets	Note	Balance as at December 31,2023	Balance as at December 31,2022
Current assets:			
Monetary funds		6,178,356,799.39	8,293,786,594.85
Trading financial assets		8,340,952.00	7,869,350.00
Derivative financial assets			
Notes receivable			
Accounts receivable	16.1	1,248,796,991.39	1,397,019,667.00
Receivables financing		327,518,561.48	79,739,353.41
Advances to suppliers		3,416,832,892.42	5,684,755,314.43
Other receivables	16.2	40,640,668.41	97,138,287.44
Inventories		253,784,140.28	223,538,467.87
Taxes payable		3,302,524,617.01	3,616,066,845.67
Assets held for sale			
Non-current assets due within one year			
Other current assets		55,955,599.80	84,366,011.93
Total current assets		14,832,751,222.18	19,484,279,892.60
Non-current assets:			
Investment in debt			
Other debt investments			
Long-term receivables			
Long-term equity investments	16.3	23,001,878,507.38	23,224,124,927.41
Other equity instrument investments			
Other non-current financial assets			
Investment properties		6,752,015.96	7,865,376.22
Fixed assets		29,038,537.66	32,205,865.11
Construction in progress		101,573,017.65	62,280,888.60
Productive biological assets			
Oil and gas properties			
Right-of-use assets		139,501,881.11	67,034,227.03
Intangible assets		82,804,924.55	102,067,554.81
Development expenditure		3,419,811.33	3,419,811.33
Goodwill			
Long-term deferred expenses			
Deferred tax assets		166,030,097.74	193,234,056.46
Other non-current assets		2,869,248,263.60	711,152,873.63
Total non-current assets		26,400,247,056.98	24,403,385,580.60
Total assets		41,232,998,279.16	43,887,665,473.20

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

Legal Representative:

Chief Accountant:

Accountant in Charge:

Dongfang Electric Corporation Limited
Company's Balance Sheet (Continued)
As at December 31, 2023

(All the amounts are denominated in RMB unless otherwise stated.)Liabilities and owners' equity	Note	Balance as at December 31,2023	Balance as at December 31,2022
Current liabilities:			
Short-term borrowings			
Transactional financial liabilities			
Derivative financial liabilities			
Notes payable		5,776,584.88	279,290,272.94
Accounts payable		8,152,158,892.35	5,867,866,455.79
Advances from customers			
Contract liabilities		5,837,947,295.74	11,136,673,236.10
Employee benefit payable		48,225,515.56	48,365,317.28
Taxes payable		5,659,904.76	7,367,247.79
Other payables		702,104,343.56	688,258,082.12
Liabilities held for sale			
Non-current liabilities due within one year		69,750,940.56	67,364,008.73
Other current liabilities		344,719,274.95	
Total current liabilities		15,166,342,752.36	18,095,184,620.75
Non-current liabilities:			
Long-term borrowings		71,708,500.00	
Bonds payable			
Including: preferred stock			
Debt in perpetuity			
Lease liabilities		69,750,940.55	
Long-term payables			
Long-term Employee benefit payable		5,994,300.00	1,020,566.73
Provisions		140,781,122.80	342,057,722.59
Deferred income		14,599,935.62	14,157,562.50
Deferred tax liabilities		69,155,980.56	10,055,134.06
Other non-current liabilities			
Total non-current liabilities		371,990,779.53	367,290,985.88
Total liabilities		15,538,333,531.89	18,462,475,606.63
Owners' equity:			
share capital		3,118,533,797.00	3,118,807,797.00
Other equity instruments			
Including: preferred stock			
Debt in perpetuity			
Capital reserves		13,035,855,440.82	13,030,861,412.27
Less: treasury stock		111,093,911.81	112,550,221.81
Other comprehensive income			475,130.32
Special purpose reserve			
Surplus reserves		1,625,510,197.96	1,489,880,919.90
Undistributed profit		8,025,859,223.30	7,897,714,828.89
Total owners' equity		25,694,664,747.27	25,425,189,866.57
Total liabilities and owners' equity		41,232,998,279.16	43,887,665,473.20

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

Legal Representative:

Chief Accountant:

Accountant in Charge:

Dongfang Electric Corporation Limited
Consolidated Income Statement
For the Year Ended December 31, 2023

(All the amounts are denominated in RMB unless otherwise stated.)Items	Note	Year 2023	Year 2022
I. Total operating income	5.53	60,676,613,395.82	55,363,782,450.06
Including: operating income	5.53	59,566,526,583.78	54,189,702,709.81
Interest income	5.53	1,108,245,427.30	1,171,721,197.95
Premiums already earned			
Fee and commission income	5.53	1,841,384.74	2,358,542.30
II. Total operating cost		57,338,357,281.19	52,460,982,346.25
Including: operating costs	5.53	49,253,168,132.67	45,253,060,298.58
Interest expense	5.53	31,964,932.11	102,851,963.82
Handling charges and commissions expenses	5.53	1,365,320.87	1,431,949.73
Surrender value			
Net claims disbursements			
Draw net insurance liability reserves			
Policy dividend payments			
Reinsurance costs			
Taxes and surcharges	5.54	303,469,491.19	325,836,800.68
Selling and distribution expenses	5.55	1,587,506,821.55	1,483,454,424.40
General and administrative expenses	5.56	3,403,903,282.05	3,117,049,745.75
Research and development expenses	5.57	2,749,527,295.10	2,275,131,662.82
Financial expenses	5.58	7,452,005.65	-97,834,499.53
Including: interest expenses		64,439,100.49	79,420,015.61
Interest income		120,750,779.59	42,459,728.78
Plus: Other earnings	5.59	438,795,618.71	151,450,295.09
Investment income (loss is represented by "-" sign)	5.60	748,149,784.92	480,560,078.52
Including: investment income from joint ventures and joint ventures		320,691,180.02	301,765,196.11
Termination of recognition of income on financial assets measured at amortized cost			
Exchange gain (loss is represented by "-" sign)	5.61	28,240,727.60	3,072,500.69
Net exposure hedging gain (loss is represented by "-" sign)			
Gains from changes in fair value (loss is represented by "-" sign)	5.62	85,064,728.63	-61,542,570.68
Credit impairment loss (loss is represented by "-" sign)	5.63	-175,675,005.47	277,262,588.13
Asset impairment loss (loss is represented by "-" sign)	5.64	-495,915,825.36	-480,537,906.26
Gain on disposal of assets (loss is represented by "-" sign)	5.65	9,767,653.91	50,192,696.72
III. Operating profit (loss is represented by "-" sign)		3,976,683,797.57	3,323,257,786.02
Plus: Non-operating income	5.66	71,405,646.69	56,535,658.02
Less: Non-operating expenses	5.67	41,925,277.28	52,433,768.20
IV. Total profit (Total loss is marked with "-")		4,006,164,166.98	3,327,359,675.84
Less: Income tax expense	5.68	362,454,836.22	313,620,616.00
V. Net profit (Net loss is represented by "-" sign)		3,643,709,330.76	3,013,739,059.84
(I) Classified by operating sustainability			
1. Net profit from continuing operations (net loss represented by "-" sign)		3,643,709,330.76	3,013,739,059.84
2. Net profit from discontinued operations (net loss is marked with "-")			
(II) Classified by ownership			
1. Net profit attributable to shareholders of the parent company (net loss represented by "-" sign)		3,550,393,576.32	2,857,898,505.21
2. Profit and loss of minority shareholders (net loss is represented by "-" sign)		93,315,754.44	155,840,554.63
VI. Other comprehensive income, net after tax		-139,214,402.37	79,233,039.82
Net after tax of other comprehensive income attributable to the owner of the parent company		-130,217,136.03	69,218,549.27
(I) Other comprehensive income that cannot be reclassified into profit and loss		-118,249,416.77	24,219,958.28
1. Recalculate changes in defined benefit plans			
2. Other comprehensive income that cannot be converted into profit and loss under the equity method			
3. Changes in fair value of other equity instrument investments		-118,249,416.77	24,219,958.28
4. Changes in the fair value of the enterprise's own credit risk			
(II) Other comprehensive income that will be reclassified into profit or loss		-11,967,719.26	44,998,590.99
1. Other comprehensive income that can be converted into profit or loss under the equity method		365,374.29	79,928.69
2. Changes in fair value of other debt investments			
3. The amount of financial assets reclassified into other comprehensive income			
4. Other debt investment credit impairment provisions		-1,333,531.32	-1,426,925.76
5. Cash flow hedge reserve			
6. Differences on translation of foreign currency financial statements		-10,999,562.23	46,392,026.06
7. Other			-46,438.00
Net after-tax amount of other comprehensive income attributable to minority shareholders		-8,997,266.34	10,014,490.55
VII. Total comprehensive income		3,504,494,928.39	3,092,972,099.66
Total comprehensive income attributable to owners of the company		3,420,176,440.29	2,927,117,054.48
Total comprehensive income attributable to minority shareholders		84,318,488.10	165,855,045.18
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)	5.69	1.14	0.92
(II) Diluted earnings per share (YUAN/share)	5.69	1.14	0.92

An enterprise merger under the same control occurs in the current period, the net profit realized by the merged party before the merger is 248,791.62 yuan, and the net profit realized by the merged party in the previous period is: 2,304,998.41 yuan. The accompanying notes form an integral part of the financial statements.

Legal Representative:

Chief Accountant:

Accountant in Charge:

Dongfang Electric Corporation Limited
Company's Income Statement
For the Year Ended December 31, 2023

(All the amounts are denominated in RMB unless otherwise stated.)Items	Note	Year 2023	Year 2022
I. Operating income	16.4	14,409,028,043.37	12,555,626,428.90
Less: Operating costs		13,718,655,015.85	12,199,840,147.19
Taxes and surcharges		3,982,354.87	14,972,239.24
Selling and distribution expenses		103,283,471.80	83,726,968.43
General and administrative expenses		346,918,660.48	315,587,625.29
Research and development expenses		291,083,248.39	148,667,787.92
Financial expenses		-44,975,247.53	-102,414,511.49
Including: interest expenses		1,329,971.89	6,138,611.58
Interest income		44,661,819.44	48,515,893.79
Plus: Other earnings		3,000.00	585,686.97
Investment income (loss is represented by "-" sign)	16.5	1,466,699,160.28	1,266,582,222.05
Including: investment income from joint ventures and joint ventures		126,849,244.84	147,330,011.84
Termination of recognition of income on financial assets measured at amortized cost			
Net exposure hedging gain (loss is represented by "-" sign)			
Gains from changes in fair value (loss is represented by "-" sign)		471,602.00	-1,656,996.00
Credit impairment loss (loss is represented by "-" sign)		73,960,277.92	164,769,795.60
Asset impairment loss (loss is represented by "-" sign)		-151,665,958.37	-153,060,026.26
Gain on disposal of assets (loss is represented by "-" sign)			
II. Operating profit (loss is represented by "-" sign)		1,379,548,621.34	1,172,466,854.68
Plus: Non-operating income		26,822,998.00	11,153,896.59
Less: Non-operating expenses		11,584,319.65	13,319,300.12
III. Total profit (Total loss is marked with "-")		1,394,787,299.69	1,170,301,451.15
Less: Income tax expense		86,304,805.22	24,535,421.56
IV. Net profit (Net loss is marked with "-")		1,308,482,494.47	1,145,766,029.59
(I) Net profit from continuing operations (" - "for net loss)		1,308,482,494.47	1,145,766,029.59
(II) Net profit from discontinued operations (net loss is marked with "-")			
V. Net after-tax amount of other comprehensive income		-475,130.32	-39.51
(I) Other comprehensive income that cannot be reclassified into profit and loss			
1. Recalculate changes in defined benefit plans			
2. Other comprehensive income that cannot be converted into profit and loss under the equity method			
3. Changes in fair value of other equity instrument investments			
4. Changes in the fair value of the enterprise's own credit risk			
(II) Other comprehensive income that will be reclassified into profit or loss		-475,130.32	-39.51
1. Other comprehensive income that can be converted into profit or loss under the equity method			
2. Changes in fair value of other debt investments			
3. The amount of financial assets reclassified into other comprehensive income			
4. Other debt investment credit impairment provisions			
5. Cash flow hedge reserve			
6. Differences on translation of foreign currency financial statements		-475,130.32	-39.51
7. Other			
VI. Total comprehensive income		1,308,007,364.15	1,145,765,990.08
VII. Earnings per share:			
(I) Basic earnings per share (RMB/share)			
(II) Diluted earnings per share (YUAN/share)			

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

Legal Representative:

Chief Accountant:

Accountant in Charge:

Dongfang Electric Corporation Limited
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2023

(All the amounts are denominated in RMB unless otherwise stated.)Items	Note	Year 2023	Year 2022
I. Cash flow from operating activities			
Cash received from sales of goods and rendering of services		60,080,393,051.10	52,168,809,659.97
Net increase in customer deposits and interbank deposits		-6,867,616,168.89	-458,572,522.17
Net increase in borrowing from the central bank			
Net increase in funds borrowed from other financial institutions		56,646,341.72	2,358,615,348.35
Cash received from premiums of original insurance contracts			
Net cash received from reinsurance operations			
Net increase in insured savings and investment funds			
Cash received for interest, fees and commissions		224,652,893.51	466,143,907.48
Net increase in borrowed funds			
Net increase in funds from repurchase operations			
Net cash received from buying and selling securities on an agent's behalf			
Refund of taxes received		313,339,603.59	603,688,878.78
Other cash received relating to operating activities	5.70	4,207,870,538.57	3,505,246,213.03
Subtotal of cash inflows from operating activities		58,015,286,259.60	58,643,931,485.44
Cash paid for goods purchased and services received		50,183,751,530.59	39,421,831,144.65
Net increase in customer loans and advances		-2,898,003,869.83	-65,782,665.00
Net increase in deposits with central bank and interbank funds		-218,731,064.89	84,215,400.67
Cash for payment of claims under the original insurance contract			
Net increase in loans to banks and other financial institutions			
Cash paid for interest, fees and commissions		1,100,266.23	1,467,252.18
Cash paid for policy dividends			
Cash paid to and for employees		5,481,890,244.05	5,004,832,572.06
Cash paid for taxes and surcharges		2,219,757,282.66	2,472,653,756.55
Other cash paid relating to operating activities	5.70	6,741,398,093.38	3,316,140,400.47
Subtotal of cash outflows from operating activities		61,511,162,482.19	50,235,357,861.58
Net cash flows from operating activities	5.71	-3,495,876,222.59	8,408,573,623.86
II. Cash flow from investment activities			
Cash received from the recovery of an investment		32,260,619,410.47	15,269,262,332.97
Cash received from investment income		112,632,918.46	179,305,474.44
Net cash recovered from disposal of fixed assets, intangible assets and other long-term assets		9,204,116.35	27,166,342.58
Disposal of net cash received by subsidiaries and other business units			
Other cash received relating to investing activities	5.70	2,753,588.37	
Subtotal of cash inflows from investing activities		32,385,210,033.65	15,475,734,149.99
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets		1,110,103,477.28	748,211,198.51
Cash paid for investments		25,219,966,200.00	27,904,078,392.24
Net increase in pledged loans			
Obtain net cash paid by subsidiaries and other business units			
Payment of other cash relating to investing activities	5.70	148,000.00	9,683,150.00
Subtotal of cash outflows from investing activities		26,330,217,677.28	28,661,972,740.75
Net cash flows from investing activities		6,054,992,356.37	-13,186,238,590.76
III. Cash flow generated by financing activities			
Cash received from investment absorption		276,457,036.00	410,141,811.50
Including: cash received by subsidiaries from the absorption of minority shareholders' investments		276,457,036.00	410,141,811.50
Cash received from borrowings		865,437,595.74	544,161,866.03
Other cash received relating to financing activities	5.70	436,326,577.79	240,000,000.00
Subtotal of cash inflows from financing activities		1,578,221,209.53	1,194,303,677.53
Cash paid to repay debt		709,002,286.14	84,216,121.57
Cash used to distribute dividends, profits, or interest payments		1,188,638,536.38	824,414,802.03
Including: dividends and profits paid by subsidiaries to minority shareholders		98,978,105.25	67,053,091.37
Payment of other cash relating to financing activities	5.70	177,681,074.68	403,608,572.97
Subtotal of cash outflows from financing activities		2,075,321,897.20	1,312,239,496.57
Net cash flows from financing activities		-497,100,687.67	-117,935,819.04
IV. Effect of exchange rate changes on cash and cash equivalents			
		-18,595,547.07	685,312,755.11
V. Net increase in cash and cash equivalents			
	5.71	2,043,419,899.04	-4,210,288,030.83
Add: Balance of cash and cash equivalents at the beginning of the period		12,124,165,479.08	16,334,453,509.91
VI. Balance of cash and cash equivalents at the end of the period	5.71	14,167,585,378.12	12,124,165,479.08

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

Legal Representative:

Chief Accountant:

Accountant in Charge:

Dongfang Electric Corporation Limited
Company's Statement of Cash Flows
For the Year Ended December 31, 2023

(All the amounts are denominated in RMB unless otherwise stated.)Items	Note	Year 2023	Year 2022
I. Cash flow from operating activities			
Cash received from sales of goods and rendering of services		8,456,438,425.24	12,476,340,472.91
Refund of taxes received		16,201,971.74	133,438,760.74
Other cash received relating to operating activities		974,352,997.16	756,045,537.75
Subtotal of cash inflows from operating activities		9,446,993,394.14	13,365,824,771.40
Cash paid for goods purchased and services received		10,129,241,450.22	10,429,732,487.95
Cash paid to and for employees		233,397,530.80	199,946,528.88
Cash paid for taxes and surcharges		11,657,588.67	15,119,469.53
Other cash paid relating to operating activities		694,314,276.78	404,549,164.60
Subtotal of cash outflows from operating activities		11,068,610,846.47	11,049,347,650.96
Net cash flows from operating activities	16.6	-1,621,617,452.33	2,316,477,120.44
II. Cash flow from investment activities			
Cash received from the recovery of an investment			40,000,000.00
Cash received from investment income		1,075,610,779.56	1,014,048,349.83
Net cash recovered from disposal of fixed assets, intangible assets and other long-term assets			521,561.80
Disposal of net cash received by subsidiaries and other business units			
Other cash received relating to investing activities			
Subtotal of cash inflows from investing activities		1,075,610,779.56	1,054,569,911.63
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets		24,874,588.60	3,292,628.88
Cash paid for investments		494,708,500.00	558,266,780.09
Obtain net cash paid by subsidiaries and other business units			
Payment of other cash relating to investing activities			
Subtotal of cash outflows from investing activities		519,583,088.60	561,559,408.97
Net cash flows from investing activities		556,027,690.96	493,010,502.66
III. Cash flow generated by financing activities			
Cash received from investment absorption			
Cash received from borrowings		71,708,500.00	
Other cash received relating to financing activities			
Subtotal of cash inflows from financing activities		71,708,500.00	
Cash paid to repay debt			
Cash used to distribute dividends, profits, or interest payments		1,041,235,565.66	717,890,215.34
Payment of other cash relating to financing activities		68,792,835.60	74,512,262.03
Subtotal of cash outflows from financing activities		1,110,028,401.26	792,402,477.37
Net cash flows from financing activities		-1,038,319,901.26	-792,402,477.37
IV. Effect of exchange rate changes on cash and cash equivalents		-17,556,660.60	36,959,318.90
V. Net increase in cash and cash equivalents	16.6	-2,121,466,323.23	2,054,044,464.63
Add: Balance of cash and cash equivalents at the beginning of the period		8,293,786,594.85	6,239,742,130.22
VI. Balance of cash and cash equivalents at the end of the period	16.6	6,172,320,271.62	8,293,786,594.85

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

Legal Representative:

Chief Accountant:

Accountant in Charge:

Dongfang Electric Corporation Limited
Consolidated Statement of Changes in Shareholders' Equity
For the Year Ended December 31, 2023

(All the amounts are denominated in RMB unless otherwise stated.)Items	Year 2023													
	Equity attributable to owners of the company												Minority equity	Total shareholders' equity
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Sub-total		
	Preferred stock	Perpetual bond	Others											
I. Balance at the end of last year	3,118,807,797.00				11,650,956,621.11	112,550,221.81	262,952.31	129,425,897.03	1,201,503,540.86		19,003,660,394.74	34,992,066,981.24	3,643,507,746.48	38,635,574,727.72
Add: Changes in accounting policies														
Correction of previous errors														
Merger of enterprises under the same control														
Other														
II. Balance at the beginning of the current year	3,118,807,797.00				11,650,956,621.11	112,550,221.81	262,952.31	129,425,897.03	1,201,503,540.86		19,003,660,394.74	34,992,066,981.24	3,643,507,746.48	38,635,574,727.72
III. Changes in amount of increase or decrease in the current period (decrease is marked with "-")	-274,000.00				-84,949,994.25	-1,456,310.00	-130,217,136.03	-3,031,934.55	135,629,278.06		2,334,216,282.05	2,252,828,805.28	331,471,229.60	2,584,300,034.88
(I) Total comprehensive income							-130,217,136.03				3,550,393,576.32	3,420,176,440.29	84,318,488.10	3,504,494,928.39
(II) Capital contributed or reduced by owners	-274,000.00				-84,949,994.25	-1,456,310.00		-2,922,503.80				-86,690,188.05	347,797,831.85	261,107,643.80
1. Common stock invested by the owner	-274,000.00				1,736,390.43							1,462,390.43	78,737,355.46	80,199,745.89
2. Other equity instrument holders invest capital														
3. Share-based payment The amount credited to the owner's equity														
4. Other					-86,686,384.68	-1,456,310.00		-2,922,503.80				-88,152,578.48	269,060,476.39	180,907,897.91
(III) Profit distribution									135,629,278.06		-1,216,177,294.27	-1,080,548,016.21	-100,488,611.80	-1,181,036,628.01
1. Withdraw surplus reserves									135,629,278.06		-135,629,278.06			
2. Extract general risk provisions														
3. Profit distributed to owners (shareholders)											-1,080,548,016.21	-1,080,548,016.21	-98,978,105.25	-1,179,526,121.46
4. Other													-1,510,506.55	-1,510,506.55
(IV) Internal carry-over of owners' equity														
1. Conversion of capital reserve into increased capital (or share capital)														
2. Surplus reserve to increase capital (or share capital)														
3. Surplus reserves cover losses														
4. Changes in defined benefit plans are carried forward to retained earnings														
5. Other comprehensive income is carried forward to retained earnings														
6. Other														
(V) Special reserves								-109,430.75				-109,430.75	-156,478.55	-265,909.30
1. Extraction of this issue								109,613,214.51			109,613,214.51	16,468,750.47	126,081,964.98	
2. Use in the current period								-109,722,645.26			-109,722,645.26	-16,625,229.02	-126,347,874.28	
(VI) Others														
IV. Ending balance of the current period	3,118,533,797.00				11,566,006,626.86	111,093,911.81	-129,954,183.72	126,393,962.48	1,337,132,818.92		21,337,876,676.79	37,244,895,786.52	3,974,978,976.08	41,219,874,762.60

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

Legal Representative:

Chief Accountant:

Accountant in Charge

Dongfang Electric Corporation Limited
Consolidated Statement of Changes in Shareholders' Equity (Continued)
For the Year Ended December 31, 2023

(All the amounts are denominated in RMB unless otherwise stated.) Items	Year 2022														
	Equity attributable to owners of the company													Minority equity	Total shareholders' equity
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Sub-total			
	Preferred stock	Perpetual bond	Others												
I. Balance at the end of last year	3,119,151,130.00				11,443,491,813.08	168,649,028.00	-68,955,596.96	109,375,113.28	1,086,931,884.63		16,976,316,664.38	32,497,661,980.41	2,886,215,244.96	35,383,877,225.37	
Add: Changes in accounting policies											-414,572.75	-414,572.75	-22,006.06	-436,578.81	
Correction of previous errors															
Merger of enterprises under the same control					6,000,000.00						2,680,055.01	8,680,055.01		8,680,055.01	
Other															
II. Balance at the beginning of the current year	3,119,151,130.00				11,449,491,813.08	168,649,028.00	-68,955,596.96	109,375,113.28	1,086,931,884.63		16,978,582,146.64	32,505,927,462.67	2,886,193,238.90	35,392,120,701.57	
III. Changes in amount of increase or decrease in the current period (decrease is marked with "-")	-343,333.00				201,464,808.03	-56,098,806.19	69,218,549.27	20,050,783.75	114,571,656.23		2,025,078,248.10	2,486,139,518.57	757,314,507.58	3,243,454,026.15	
(I) Total comprehensive income							69,218,549.27				2,857,898,505.21	2,927,117,054.48	165,855,045.18	3,092,972,099.66	
(II) Capital contributed or reduced by owners	-343,333.00				201,464,808.03	-56,098,806.19						257,220,281.22	653,372,585.08	910,592,866.30	
1. Common stock invested by the owner	-343,333.00				241,560,239.56							241,216,906.56	657,464,543.13	898,681,449.69	
2. Other equity instrument holders invest capital															
3. Share-based payment the amount credited to the owner's equity															
4. Other					-40,095,431.53	-56,098,806.19						16,003,374.66	-4,091,958.05	11,911,416.61	
(III) Profit distribution									114,571,656.23		-832,820,257.11	-718,248,600.88	-67,053,091.36	-785,301,692.24	
1. Withdraw surplus reserves									114,571,656.23		-114,571,656.23				
2. Extract general risk provisions															
3. Profit distributed to owners (shareholders)											-718,248,600.88	-718,248,600.88	-67,053,091.36	-785,301,692.24	
4. Other															
(IV) Internal carry-over of owners' equity															
1. Conversion of capital reserve into increased capital (or share capital)															
2. Surplus reserve to increase capital (or share capital)															
3. Surplus reserves cover losses															
4. Changes in defined benefit plans are carried forward to retained earnings															
5. Other comprehensive income is carried forward to retained earnings															
6. Other															
(V) Special reserves								20,050,783.75			20,050,783.75		5,139,968.68	25,190,752.43	
1. Extraction of this issue								115,319,558.07			115,319,558.07		15,698,948.01	131,018,506.08	
2. Use in the current period								-95,268,774.32			-95,268,774.32		-10,558,979.33	-105,827,753.65	
(VI) Others															
IV. Ending balance of the current period	3,118,807,797.00				11,650,956,621.11	112,550,221.81	262,952.31	129,425,897.03	1,201,503,540.86		19,003,660,394.74	34,992,066,981.24	3,643,507,746.48	38,635,574,727.72	

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

Legal Representative:

Chief Accountant:

Accountant in Charge

Dongfang Electric Corporation Limited
Company's Statement of Changes in Shareholders' Equity
For the Year Ended December 31, 2023

(All the amounts are denominated in RMB unless otherwise stated.)Items	Year2023										
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total shareholders' equity
		Preferred stock	Perpetual bond	Others							
I . Balance at the end of last year	3,118,807,797.00				13,030,861,412.27	112,550,221.81	475,130.32		1,489,880,919.90	7,897,714,828.89	25,425,189,866.57
Add: Changes in accounting policies											
Correction of previous errors											
Other											
II .Balance at the beginning of the current year	3,118,807,797.00				13,030,861,412.27	112,550,221.81	475,130.32		1,489,880,919.90	7,897,714,828.89	25,425,189,866.57
III .Changes in amount of increase or decrease in the current period (decrease is marked with "-")	-274,000.00				4,994,028.55	-1,456,310.00	-475,130.32		135,629,278.06	128,144,394.41	269,474,880.70
(I) Total comprehensive income							-475,130.32			1,308,482,494.47	1,308,007,364.15
(II) Capital contributed or reduced by owners	-274,000.00				4,994,028.55	-1,456,310.00					6,176,338.55
1. Common stock invested by the owner	-274,000.00				-1,182,310.00						-1,456,310.00
2. Other equity instrument holders invest capital											
3. Share-based payment The amount credited to the owner's equity					6,176,338.55						6,176,338.55
4. Other						-1,456,310.00					1,456,310.00
(III) Profit distribution									135,629,278.06	-	-1,044,708,822.00
1. Withdraw surplus reserves									135,629,278.06	-135,629,278.06	
2. Profit distributed to owners (shareholders)										-	-1,044,708,822.00
3. Other										1,044,708,822.00	
(IV) Internal carry-over of owners' equity											
1. Conversion of capital reserve into increased capital (or share capital)											
2. Surplus reserve to increase capital (or share capital)											
3. Surplus reserves cover losses											
4. Changes in defined benefit plans are carried forward to retained earnings											
5. Other comprehensive income is carried forward to retained earnings											
6. Other											
(V) Special reserves											
1. Extraction of this issue											
2. Use in the current period											
(VI) Others											
IV .Ending balance of the current period	3,118,533,797.00				13,035,855,440.82	111,093,911.81			1,625,510,197.96	8,025,859,223.30	25,694,664,747.27

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

Legal Representative:

Chief Accountant:

Accountant in Charge

Dongfang Electric Corporation Limited
Company's Statement of Changes in Shareholders' Equity (Continued)
For the Year Ended December 31, 2023

(All the amounts are denominated in RMB unless otherwise stated.) Items	Year 2022										
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total shareholders' equity
		Preferred stock	Perpetual bond	Others							
I. Balance at the end of last year	3,119,151,130.00				13,025,233,777.25	168,649,028.00	475,169.83		1,375,309,263.67	7,583,846,248.84	24,935,366,561.59
Add: Changes in accounting policies											
Correction of previous errors											
Other											
II. Balance at the beginning of the current year	3,119,151,130.00				13,025,233,777.25	168,649,028.00	475,169.83		1,375,309,263.67	7,583,846,248.84	24,935,366,561.59
III. Changes in amount of increase or decrease in the current period (decrease is marked with "-")	-343,333.00				5,627,635.02	-56,098,806.19	-39.51		114,571,656.23	313,868,580.05	489,823,304.98
(I) Total comprehensive income							-39.51			1,145,766,029.59	1,145,765,990.08
(II) Capital contributed or reduced by owners	-343,333.00				5,627,635.02	-56,098,806.19					61,383,108.21
1. Common stock invested by the owner	-343,333.00				-1,560,448.49						-1,903,781.49
2. Other equity instrument holders invest capital											
3. Share-based payment The amount credited to the owner's equity					15,812,059.31						15,812,059.31
4. Other					-8,623,975.80	-56,098,806.19					47,474,830.39
(III) Profit distribution									114,571,656.23	-831,897,449.54	-717,325,793.31
1. Withdraw surplus reserves									114,571,656.23	-114,571,656.23	
2. Profit distributed to owners (shareholders)										-717,325,793.31	-717,325,793.31
3. Other											
(IV) Internal carry-over of owners' equity											
1. Conversion of capital reserve into increased capital (or share capital)											
2. Surplus reserve to increase capital (or share capital)											
3. Surplus reserves cover losses											
4. Changes in defined benefit plans are carried forward to retained earnings											
5. Other comprehensive income is carried forward to retained earnings											
6. Other											
(V) Special reserves											
1. Extraction of this issue											
2. Use in the current period											
(VI) Others											
IV. Ending balance of the current period	3,118,807,797.00				13,030,861,412.27	112,550,221.81	475,130.32		1,489,880,919.90	7,897,714,828.89	25,425,189,866.57

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

Legal Representative:

Chief Accountant:

Accountant in Charge

Dongfang Electric Corporation Limited
Notes to the Financial Statements
For the Year Ended December 31, 2023

(All the amounts are denominated in RMB unless otherwise stated.)

1 Company profile

1.1 Place of registration, organizational form and address of headquarters

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

After the distribution of bonus shares, allotment of new shares, capitalization and issuance of new shares over the years, as of December 31, 2023, the company has issued a total of 3,118,533,800 shares with a registered capital of RMB 3,118,533,800. Registered address: No.18, Xixin Avenue, Western High-tech District, Chengdu, Sichuan Province. Headquarters address: No. 18, Xixin Avenue, Western High-tech District, Chengdu, Sichuan Province. The parent company is Dongfang Electric Corporation.

1.2 The business nature and main business activities of the Company

The company belongs to the power generation equipment manufacturing industry, business scope: general equipment manufacturing, electrical machinery and equipment manufacturing, nuclear power generation equipment, wind power generation equipment, renewable energy power generation equipment and spare parts manufacturing, sales and research and development; R&D, manufacturing and sales of industrial control and automation; R&D, manufacturing and sales of environmental protection equipment (desulfurization, denitrification, wastewater, solid waste), energy saving equipment and petrochemical containers; R&D, manufacturing and sales of instruments, general machinery and other equipment; Industrial gas manufacturing and sales; Power plant design, power plant equipment complete technology development, complete equipment sales and service; General contracting and subcontracting overseas power generation equipment, mechanical and electrical engineering, complete sets of projects and domestic international bidding projects, exporting equipment and materials needed for the above-mentioned overseas projects, and dispatching labor personnel needed for the implementation of the above-mentioned overseas projects; Import and export trade; Business services; Professional and technical services; Science and technology exchange and promotion of services (projects subject to approval according to law can only be carried out after approval by relevant departments). The main products and services are thermal power generation equipment, hydroelectric power generation equipment, wind power generation equipment, nuclear power generation equipment and gas power generation equipment.

1.3 Scope of consolidated financial statements

A total of 87 subsidiaries of the Company are included in the scope of consolidation during the current period, see "Note 7 interests in other entities" for details.

The entities included in the scope of consolidated financial statements in the current period increased by 22 and decreased by 3 compared with the previous period. For the specific information of the entities changing the scope of consolidation, see Note 6 Changes in the scope of consolidation.

1.4 Approval of financial statements

The financial statements were approved to be issued on March 28, 2024.

2 Basis of preparation for financial statements

2.1 Basis of preparation

These financial statements are prepared in accordance with the Accounting Standards for Business Enterprises-Basic Standards and the specific accounting standards, the Application Guide to the Accounting Standards for Business Enterprises, the Interpretation of the Accounting Standards for Business Enterprises, and other relevant regulations (hereinafter collectively referred to as the "Accounting Standards for Business Enterprises") issued by the Ministry of Finance. As well as the relevant provisions of the Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No.15-General Provisions on Financial Reporting issued by the China Securities Regulatory Commission.

2.2 Going concern

The Company has evaluated its ability to go as a going concern for the 12 months from the end of the reporting period and has not identified matters or circumstances that raise significant doubt about its going concern. Accordingly, these financial statements have been prepared on the basis of going concern assumptions.

3 Principal accounting policies and accounting estimates

1.The Company determines specific accounting policies and accounting estimates according to the characteristics of production and operation. This is mainly reflected in the valuation method of inventories (Note 3 (14)), the method of provision for expected credit losses of financial instruments (Note 3 (11)), the depreciation of fixed assets and amortization of intangible assets (Note 3 (19) and Note 3 (22)), the measurement model of investment real estate (Note 3 (18)), and the time point of revenue recognition (Note 3 (30)).

2. Based on historical experience and other factors, including reasonable expectations of future events, the Company conducts continuous evaluation on the important accounting estimates and key assumptions adopted. Significant changes in the following important accounting estimates and key assumptions may have a significant impact on the book value of assets and liabilities in the following accounting years:

(1) Expected credit losses of accounts receivable and other receivables. Allowance for impairment is estimated based on expected credit losses on trade and other receivables. If any event occurs or changes in circumstances indicate that the Company may not be able to recover the balances, it is necessary to use estimates to make a provision for accounts receivable and other receivables. If the expected figure is different from the original estimate, the difference will affect the carrying value of accounts receivable and other receivables, as well as the impairment charge during the period when the estimate is changed.

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

(3) Estimation of impairment of long-term assets. When the management judges whether the long-term assets are impaired, it mainly evaluates and analyzes from the following aspects:①whether the events affecting the impairment of assets have occurred;②whether the present value of the expected cash flow from the continued use or disposal of assets is lower than the book value of the assets; and ③whether the important assumptions used in the present value of the expected future cash flow are appropriate.

The relevant assumptions used by the Company to determine impairment, such as changes in the profitability discount rate and growth rate assumptions used in the present value of future cash flows method, may have a significant impact on the present value used in the impairment test and result in the reduction of the Company's long-term assets mentioned above.

(4) Estimated useful life and estimated net salvage value of fixed assets. The estimated useful lives and estimated net residual values of fixed assets are based on the past actual useful lives and actual net residual values of fixed assets with similar nature and functions. In the process of using fixed assets, the economic environment, technical environment and other environments may have a greater impact on the service life and estimated net residual value of fixed assets. If the estimated useful lives and net residual values of fixed assets are different from the original estimates, the management will make appropriate adjustments.

(5) Classification of subsidiaries, joint ventures and associated enterprises.

(6) Fair value of financial assets. For the financial instruments without active market, the Company adopts various valuation techniques including the discounted cash flow method to determine their fair values. The fair

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value of the financial assets that the Company is restricted by law to dispose of within a specific period is based on the quoted market price and adjusted according to the characteristics of the instrument. In valuation, the Company is required to take into account factors such as its own and counterparty credit risk, Market volatility and correlation are estimated, and the changes in the assumptions of these relevant factors will have an impact on the fair value of financial instruments.

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

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

(9) Income tax. In the normal course of business, there is uncertainty about the ultimate tax treatment of many transactions and events. Major judgments need to be made when calculating income tax. If there is a difference between the final determination of these tax matters and the amount initially recorded, the difference will have an impact on the amount of tax in the period in which the final determination is made.

(10) Revenue recognition.

(11) Determination of consolidation scope.

3. Important key judgments. The key judgment of determining the fair value of the equity instrument when the equity instrument is issued as the consideration for the business combination; the judgment of the contingent consideration for the business combination, etc.

3.1 Statement on compliance with the Accounting Standards for Business Enterprises

The financial statements meet the requirements of the Accounting Standards for Business Enterprises issued by the Ministry of Finance, and truly and completely reflect the Company's financial position as at December 31, 2023, as well as its operating results and its cash flows for the year then ended

3.2 Accounting period

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

3.3 Operating cycle

The Company's operating cycle is 12 months.

3.4 Functional currency

The Company adopts CNY as its functional currency.

3.5 Method for determining the importance criteria and the basis for selection

Items	Importance
Significant accounts receivable for which provision for doubtful accounts is made individually	10 million RMB
Important debt investments	10 million RMB
Important projects in progress	10 million RMB
Significant accounts payable aged over one year or overdue	10 million RMB
Important joint ventures or associates	The shareholding ratio exceeds 30% and the income exceeds 100 million RMB

3.6 Accounting treatment methods for business combinations under the same control and not under the same control

Business combination under the same control: the assets and liabilities acquired by the merging party in the business combination (including the goodwill formed by the acquisition of the merged party by the ultimate controlling party) are measured on the basis of the book value of the assets and liabilities of the merged party in the consolidated financial statements of the ultimate controlling party. The difference between the book value of the net assets acquired in the merger and the book value of the consideration paid for the merger (or the total par value of the shares issued) shall be adjusted to the capital stock premium in the capital reserve. If the capital stock premium in the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

Business combination not under the same control: the combination cost is the fair value of the assets paid, the liabilities incurred or assumed and the equity securities issued by the acquirer on the acquisition date in order to obtain the control of the acquiree. The difference between the combination cost and the fair value of the identifiable net assets acquired from the acquiree in the combination shall be recognized as goodwill; Included in the current profits and losses. The identifiable assets, liabilities and contingent liabilities of the acquiree acquired in a combination that meet the recognition conditions are measured at their fair values on the acquisition date.

The direct relevant expenses incurred for business combination shall be included in the current profits and losses when incurred; the transaction expenses for issuing equity securities or debt securities for business combination shall be included in the initially recognized amount of equity securities or debt securities.

3.7 Judgment criteria of control and preparation method of consolidated financial statements

3.7.1 Judgment standard of control

The consolidation scope of the consolidated financial statements is determined on the basis of control and includes the Company and all its subsidiaries. Control means that the company has the power over the investee, enjoys variable returns by participating in the relevant activities of the investee, and has the ability to use the power over the investee to influence the amount of its returns.

3.7.2 Merge program

The Company regards the whole enterprise group as an accounting entity and prepares consolidated financial statements in accordance with unified accounting policies to reflect the overall financial position, operating results and cash flow of the enterprise group. The impact of internal transactions between the Company and its subsidiaries and between subsidiaries shall be offset. If the internal transaction indicates that the impairment loss of the relevant assets has occurred, the loss shall be recognized in full. If the accounting policies and accounting periods adopted by the subsidiaries are inconsistent with those of the Company, necessary adjustments shall be made according to the accounting policies and accounting periods of the Company when preparing the consolidated financial statements.

Subsidiary owners' equity, current period net profit and loss and the share of minority shareholders in the current period comprehensive income are shown separately under owners' equity in the consolidated balance sheet, under net profit in the consolidated income statement and under total comprehensive income, respectively. The loss shared by the minority shareholders of the subsidiary in the current period exceeds the balance formed by the minority shareholders' share in the initial owner's equity of the subsidiary, and the shareholders' equity is reduced by several.

(1) Increase of subsidiaries or businesses

During the reporting period, if a subsidiary company or business is added due to the merger of enterprises under the same control, the operating results and cash flows of the subsidiary company or business from the beginning of the current period to the end of the reporting period shall be included in the consolidated financial statements, and the relevant items of the consolidated financial statements at the beginning of the period and the comparative statements shall be adjusted. It is deemed that the consolidated reporting entity has been in existence since the time when the ultimate controlling party begins to control it.

If the investee under the same control can be controlled due to additional investment or other reasons, the equity investment held before obtaining the control of the merged party shall be recognized from the date of obtaining the original equity and the date when the merging party and the merged party are under the same control, and the relevant profits and losses, other comprehensive income and other changes in net assets have been recognized between the date of obtaining the original equity. Offset the retained earnings at the beginning of the comparative statement period or the current profit and loss respectively.

During the reporting period, if a subsidiary or business is added due to the merger of enterprises not under the same control, it shall be included in the consolidated financial statements from the date of acquisition on the basis of the fair value of the identifiable assets, liabilities and contingent liabilities determined on the date of acquisition.

If the investee not under the same control can be controlled due to additional investment or other reasons, the equity of the acquiree held before the acquisition date shall be re-measured according to the fair value of the equity on the acquisition date, and the difference between the fair value and its book value shall be included in the current investment income. Other comprehensive income involved in the equity of the acquiree held before

the acquisition date, which may be subsequently reclassified to profit or loss, and other changes in owner's equity accounted for under the equity method shall be transferred to the investment income of the period to which the acquisition date belongs.

(2) Disposal of subsidiaries

① General treatment method

When the control over the investee is lost due to the disposal of part of the equity investment or other reasons, the remaining equity investment after disposal shall be re-measured according to its fair value on the date of loss of control. The difference between the sum of the consideration obtained from the disposal of equity and the fair value of the remaining equity minus the share of the net assets of the original subsidiary calculated continuously from the date of purchase or merger and the sum of the goodwill. Included in the investment income of the period in which control is lost. Other comprehensive income related to the equity investment of the original subsidiary that can be reclassified to profit or loss in the future and other changes in owner's equity under equity method are transferred to current investment income when the control right is lost.

② Step by step disposal of subsidiaries

If the equity investment in the subsidiary is disposed of step by step through multiple transactions until the control right is lost, the terms, conditions and economic impacts of the transactions for the disposal of the equity investment in the subsidiary meet one or more of the following conditions, which generally indicates that the multiple transactions are a package deal:

- the transactions are entered into simultaneously or by taking into account their mutual effects;
- These transactions as a whole can lead to a complete commercial result;
- The occurrence of one transaction is dependent on the occurrence of at least one other transaction;
- A transaction is uneconomical in isolation, but is economical when considered in conjunction with other transactions.

If each transaction belongs to a package transaction, each transaction shall be accounted for as a transaction of disposal of subsidiaries and loss of control; The difference between each disposal price and the share of net assets of the subsidiary corresponding to the disposal investment before the loss of control is recognized as other comprehensive income in the consolidated financial statements, and is transferred to the profit and loss of the period when the control is lost.

If each transaction does not belong to a package deal, before losing the control right, the accounting treatment of the equity investment of the subsidiary shall be carried out according to the partial disposal without losing the control right; when the control right is lost, the accounting treatment shall be carried out according to the general treatment method for the disposal of the subsidiary.

(3) Purchase of minority interests in subsidiaries

The difference between the long-term equity investment newly acquired due to the purchase of minority equity and the share of net assets of the subsidiary calculated continuously from the date of purchase or merger according to the proportion of newly increased shareholding shall be adjusted to the capital stock premium in the capital reserve in the consolidated balance sheet. If the capital stock premium in the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

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

The difference between the disposal price and the disposal of long-term equity investment and the share of net assets continuously calculated by the subsidiary since the purchase date or the merger date shall be adjusted for the equity premium in the capital reserve in the consolidated balance sheet, and if the equity premium in the capital reserve is insufficient to be offset, the retained earnings shall be adjusted.

3.8 Classification of joint venture arrangements and accounting treatment methods for joint operation

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

Joint operation refers to the joint venture arrangement under which the joint venturer enjoys the assets relevant to such arrangement and assumes the liabilities relevant to the same.

The Company recognizes the following items related to its share of benefits in the joint operation:

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

- (4) Revenues from sale of output from the joint operation based on its percentage; and
- (5) Separate costs and costs for the joint operation based on its percentage.

The Company accounts for its investments in joint ventures by the equity method, see "Note 3.17 Long-term equity investments" for details.

3.9 Recognition criteria of cash and cash equivalents

The term "cash" refers to cash at hand and bank deposits readily available for payment purposes. The term "cash equivalents" refers to short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3.10 Foreign currency transactions and translation of foreign currency statements

3.10.1 Foreign currency transactions

Foreign currency transactions are translated into CNY for accounting purpose at the spot exchange rate on the day when the transaction occurs.

The balance of foreign currency items on the balance sheet date are translated at the spot exchange rate on the balance sheet date. Except those arising from specific-purpose borrowings in foreign currencies related to assets eligible for capitalization that shall be measured in accordance with principle of capitalization of the borrowing costs, other exchange differences shall be recognized in profit or loss for the current period.

3.10.2 Translation of foreign currency financial statements

When the Company measures the foreign currency statements of its overseas business, the assets and liabilities in the balance sheet are translated at the spot exchange rates on the balance sheet date; owners' equity items, except for the item of "undistributed profits", are translated at the spot exchange rates on the date when the business occurs. The income and expenses items in income statements are translated at the average rate of the beginning and ending exchange rate.

When dispose overseas business, the translation differences of foreign currency statements relating to the overseas business shall be transferred from the owner's equity item to the current profit or loss at disposal.

3.11 Financial instruments

When the Company becomes a party to a contract for financial instrument, a financial asset, financial liability or equity instrument should be recognized.

3.11.1 Classification of financial instruments

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

The Company classifies the financial assets that meet the following conditions at the same time but have not been designated to be measured at fair value through profit or loss as the financial assets measured at amortized cost:

- The business model is adopted for the purpose of obtaining the contractual cash flow;
- The contractual cash flow is only used for interest payment based on the principal or unpaid principal.

The Company classifies the financial assets that meet the following conditions at the same time and have not been designated to be measured at fair value through profit or loss as the financial assets (debt instruments) measured at fair value through the other comprehensive income:

- The business model is adopted for the purpose of obtaining the contractual cash flow and selling such financial assets;

- The contractual cash flow is only used for interest payment based on the principal or unpaid principal.

At the initial recognition, the Company may irrevocably designate non-trading equity instrument investments as financial assets (equity instruments) measured at fair value through the other comprehensive income. The designation is made based on a single investment and the relevant investment is in line with the definition of the equity instrument from the issuer's perspective.

Except for the financial assets measured at amortized cost and the financial assets measured at fair value through other comprehensive income, the Company classifies other financial assets as financial assets measured at fair value through the current profit or loss. At the initial recognition, in order to eliminate or significantly reduce accounting mismatches, the Company may irrevocably designate the financial assets that should have been classified as the financial assets measured at amortized cost or those measured at fair value through the other comprehensive income as the financial assets measured at fair value through the current profit or loss.

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

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

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

3.11.2 Recognition basis and measurement method of financial instruments

- (1) Financial assets measured at amortized cost

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(6) Financial liabilities measured at amortized cost

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

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

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

3.11.3 Basis of recognition and measurement of derecognition of financial assets and transfer of financial assets

Where one of the following conditions is met, the Company shall derecognize financial assets:

- The contractual right of collecting cash flows of financial assets is terminated;
- The financial assets have been transferred, and nearly all of the risks and rewards related to the ownership of the financial assets have been transferred to the transferee;
- The financial assets have been transferred, and the Company does not retain the control over the financial assets through it has neither transferred nor retained nearly all risks and rewards related to the ownership of the financial assets.

When the Company modifies or renegotiates a contract with a counterparty and the modification constitutes a material change, the original financial asset is derecognized and a new financial asset is recognized in accordance with the modified terms.

At the transfer of financial assets, where nearly all of the risks and rewards related to the ownership of the financial assets have been retained, such financial assets shall not be derecognized.

Substance over form principle is adopted to determine whether the transfer of financial assets can satisfy the criteria as described above for derecognition.

The Company shall classify the transfer of financial assets into the entire transfer and the partial transfer. If the transfer of entire financial assets satisfy the criteria for derecognition, differences between the amounts of the

following two items shall be recognized in profit or loss for the current period:

- i) The book value of the transferred financial asset;
- ii) The aggregate consideration received from the transfer plus the cumulative amounts of the changes in the fair value originally recognized in the owners' equity (such financial assets in transfer are those measured at fair value with changes included in other comprehensive income (debt instruments)).

If the partial transfer of financial assets satisfy the criteria for derecognition, the book value of the entire financial assets transferred shall be split into the derecognized and recognized parts according to their respective fair value and differences between the amounts of the following two items are charged to profit or loss for the current period:

- i) The book values of the derecognized parts;
- ii) The aggregate consideration for the derecognized parts plus the portion of the accumulative amounts of the changes in the fair value of the derecognized parts originally recognized in the owners' equity (such financial assets in transfer are those measured at fair value with changes included in other comprehensive income (debt instruments)).

If the transfer of financial assets does not satisfy requirements for derecognition, the financial assets shall continue to be recognized, and the consideration received will be recognized as financial liabilities.

3.11.4 Termination of recognition of financial liabilities

If all or part of the current obligation of the financial liability has been discharged, the recognition of the financial liability or part thereof shall be terminated; If the Company signs an agreement with creditors to replace the existing financial liabilities by assuming new financial liabilities, and the contract terms of the new financial liabilities are substantially different from the existing financial liabilities, the recognition of the existing financial liabilities shall be terminated and the recognition of the new financial liabilities shall be made at the same time.

If all or part of the contract terms of the existing financial liability are materially modified, the recognition of the existing financial liability or part thereof shall be terminated, and the financial liability after the modification shall be recognized as a new financial liability.

When the recognition of a financial liability is terminated in whole or in part, the difference between the book value of the financial liability terminated and the consideration paid (including non-cash assets transferred or new financial liabilities assumed) shall be recorded into the profit and loss of the current period.

If the company repurchases part of the financial liability, it shall distribute the book value of the financial liability as a whole according to the relative fair value of the continued recognition part and the terminated recognition part on the repurchase date. The difference between the book value allocated to the terminated recognition portion and the consideration paid (including non-cash assets transferred or new financial liabilities assumed) is recorded in the current profit and loss.

3.11.5 Determination of fair values of financial assets and financial liabilities

Quoted market prices in an active market are the best evidence of fair value and should be used, where they exist, to measure the financial instrument. If a market for a financial instrument is not active, the Company establishes fair value by using a valuation technique. The Company uses a valuation technique appropriate in the circumstances and for which sufficient data and other information are available to measure fair value, selecting the inputs pursuant to the characteristics of the asset or liability being measured that a market participant would take into account, and giving priority to the use of relevant observable inputs. Only when such observable inputs are not available or impossible to obtain shall unobservable inputs be used instead.

3.11.6 Testing method and accounting treatment method of impairment of financial instruments

The company conducts impairment accounting treatment on the basis of expected credit losses for financial assets measured at amortized cost, financial assets (debt instruments) measured at fair value and whose changes are included in other comprehensive income, and financial guarantee contracts.

The Company considers reasonable and evidence-based information such as past events, current conditions and forecasts of future economic conditions, calculates the probability-weighted amount of the present value of the

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difference between the cash flow receivable under the contract and the cash flow expected to be received, and recognizes expected credit losses, with the risk of default as the weight.

For receivables and contract assets resulting from transactions regulated by Accounting Standards for Business Enterprises No. 14 - Revenue, the Company always measures its loss provisions at an amount equivalent to the expected credit losses during the entire term of existence, regardless of whether they contain a significant financing component.

For lease receivables resulting from transactions regulated by Accounting Standards for Business Enterprises No. 21 - Leases, the Company elects to always measure its loss provisions at an amount equivalent to the expected credit losses during the entire term of existence.

For other financial instruments, the Company evaluates on each balance sheet date the changes in the credit risk of the relevant financial instruments since the initial recognition.

The Company compares the risk of default of a financial instrument on the balance sheet date with the risk of default on the initial recognition date to determine the relative change in the risk of default of a financial instrument during its expected lifetime, so as to assess whether the credit risk of a financial instrument has increased significantly since the initial recognition. Generally, if the maturity exceeds 30 days, the Company considers that the credit risk of the financial instrument has increased significantly, unless there is conclusive evidence that the credit risk of the financial instrument has not increased significantly since the initial recognition.

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

If the credit risk of the financial instrument has increased significantly since the initial recognition, the Company measures its loss provision at an amount equivalent to the expected credit loss during the entire life of the financial instrument; If the credit risk of the financial instrument has not increased significantly since the initial recognition, the Company shall measure its loss provision at an amount equivalent to the expected credit loss of the financial instrument in the next 12 months. The resulting increase or reversal of the loss provision shall be recorded into the current profit and loss as impairment loss or gain. For financial assets (debt instruments) measured at fair value and whose changes are included in other comprehensive income, the loss provision shall be recognized in other comprehensive income, and the impairment loss or gain shall be included in the current profit and loss, without reducing the carrying value of the financial asset listed in the balance sheet.

If there is objective evidence that a certain receivables has suffered credit impairment, the Company shall make provision for the impairment of the receivables on a single basis.

Except for the above receivables for which provision for bad debts is made individually, the Company divides other financial instruments into aging portfolios according to the characteristics of credit risks, and determines expected credit losses on the basis of portfolios. The combination categories and determination basis of the company's provision of expected credit losses for accounts receivable, other receivables and contract assets are as follows:

Age of account	Proportion of provision for accounts receivable (%)	Proportion of provision for other receivables (%)
Within 1 year (including 1 year, the same below)	5	5
1 to 2 years	10	10
2 to 3 years	20	20
3 to 4 years	40	40
3 to 4 years	50	50
More than 5 years	100	100

3.12 Loans and advances to customers

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

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

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

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

Level	Proportion of provision(%)
Normal assets(including assets in normal and special-mention categories)	Normal 0.00-15.00(excluding15.00)
	Special mention15.00-25.00(excluding25.00)
Subprime	25.00-50.00(excluding50.00)
Doubtful	50.00-70.00(excluding70.00)
Loss	70.00-100.00

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

Assets purchased under the agreement to be sold back on a certain future date will not be recognized in the balance sheet. The cost paid for the acquisition of such assets, including accrued interest, is shown in the balance sheet as buy-back payments. The difference between the purchase price and the resale price is recognized by the effective interest rate method during the term of the agreement and included in interest income.

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

Securities borrowing and lending transactions are generally secured, with securities or cash as collateral. Transfers of securities with counterparties are reflected in the balance sheet only when the risks and benefits associated with ownership of securities are transferred simultaneously. Cash paid or cash collateral received is recognized as an asset or liability, respectively.

Borrowed securities are not recognized in the balance sheet. If such securities are sold to third parties, the liability to repay the bonds is recognised as a financial liability held for the transaction and measured at fair value.

3.14 Inventories

3.14.1 Classification and cost of inventories

Inventory is divided into raw materials, products in process, low-value consumables, packaging, goods in stock, goods issued, contract performance costs, etc.

3.14.2 Measurement method for inventories dispatched

Inventories are initially measured at cost, and the inventory cost includes the procurement cost, processing cost and other expenses arising from making the inventory at their present location and condition.

Inventory is priced on a weighted average basis when issued. Low-value consumable products are amortized by one-time resale method when they are used; Turnover packaging is charged to cost in batches based on the expected number of uses.

3.14.3 Inventory system

Perpetual inventory system is adopted.

3.14.4 Recognition standard and accrual method of inventory falling price reserves

On the balance sheet date, inventories shall be measured at the lower of cost and net realizable value. If the cost of an inventory is higher than its net realizable value, provision for the loss on decline in value of inventories shall be made.

At the end of the period, the provision for decline in value of inventories shall be made on the basis of a single inventory item; for inventories with a large quantity and a relatively low unit price, the provision for decline in value of inventories shall be made on the basis of the category of inventories; for inventories that are related to the product series produced and sold in the same region, have the same or similar end use or purpose, and are difficult to be measured separately from other items, the provision for decline in value of inventories shall be made on a consolidated basis.

After the provision for decline in value of inventories is made, if the net realizable value of inventories is higher than the book value of inventories due to the disappearance of the factors affecting the previous write-down of the value of inventories, the provision for decline in value of inventories shall be reversed within the amount of the provision for decline in value of inventories that has been made, and the reversed amount shall be included in the current profits and losses.

3.14.5 Recognition method of net realizable value of inventories

The net realizable value of inventories refers to the amount of the estimated selling price of inventories minus the estimated costs to be incurred upon completion, the estimated selling expenses and the relevant taxes in the ordinary course of business.

In the normal production and operation process, the net realizable value of the inventory of goods directly for sale, such as finished products, inventory goods and materials for sale, is determined by the amount of the estimated selling price of the inventory minus the estimated selling expenses and relevant taxes; For the inventory of materials that need to be processed, in the course of normal production and operation, the estimated selling price of the finished products produced minus the estimated costs to be incurred upon completion, The net realizable value is determined based on the amount after the estimated sales expenses and relevant taxes; the net realizable value of the inventories held for the execution of the sales contract or labor contract is calculated based on the contract price. If the quantity of the inventories held is more than the quantity ordered in the sales contract, the net realizable value of the excess part of the inventories is calculated based on the general sales price.

3.15 Contract assets

3.15.1 Recognition method and criteria for contract assets

According to the relationship between the performance of obligations and the customer payment, the Company presents contract assets or contract liabilities in the balance sheet. The right of the Company to the charge of consideration via goods transfer or service rendering to the customer (and the right depends on other factors except for the time lapses) is presented as contract asset. Contract assets and contract liabilities under the same contract should be presented at net amount. The unconditional (only depending on the time lapses) right to the charge of consideration from the customer, possessed by the Company, is presented as receivables.

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

For the determination method and accounting treatment method of expected credit loss of contract assets, please refer to "3.11.6"Testing Method and Accounting Treatment Method of Impairment of Financial Instruments" in note.

3.16 Assets held for sale and discontinued operation

3.16.1 Assets held for sale

Where the Company recovers the book value of any non-current asset or disposed asset portfolio mainly through selling (including the exchange of non-monetary assets with commercial essence) but not continuously using the same, such non-current asset or disposed asset portfolio shall be divided into assets held for sale.

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

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

For any non-current asset (excluding financial assets, deferred tax assets and the assets arising from employee benefits) or disposed asset portfolio classified assets as held for sale, where its book value is higher than the net amount of its fair value less the selling expense, the book value shall be written down to the net amount of the fair value less the selling expense, and the amount written down shall be recognized as the losses from asset impairment and included in the current profit or loss, while the provision for impairment of assets held for sale is made.

3.16.2 Discontinued operation

A discontinued operation is a separately distinguishable component that meets one of the following conditions and that has been disposed of by the Company or classified by the Company as held for sale:

- (1) The component represents a separate major operation or a separate major operating area;
- (2) The component is part of a related plan for the proposed disposition of a separate principal business or a separate principal operating area;
- (3) The component is a subsidiary acquired exclusively for resale.

Gains and losses from continuing operations and gains and losses from discontinued operations are presented separately in the income statement. Operating gains and losses, such as impairment losses and reversal amount for discontinued operations, as well as gains and losses on disposals, are presented as gains and losses from discontinued operations. For discontinued operations reported in the current period, the Company restates the information that was previously reported as profit or loss from continuing operations as profit or loss from discontinued operations for the comparable accounting period in the financial statements of current period.

3.17 Long-term equity investments

3.17.1 Judgment criteria for common control and significant influence

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

Significant influence refers to the power to participate in making decisions on the financial and operating policies of the investee, but not the power to control or jointly control the formulation of such policies with other parties. Where the Company is able to exert significant influence on an investee, the investee shall be the Company's associate.

3.17.2 Determination of initial investment cost

(1) Long-term equity investment formed by business combination

For the long-term equity investment in the subsidiary formed by the merger of enterprises under the same control, the initial investment cost of the long-term equity investment shall be based on the share of the book value of the owner's equity obtained from the merged party in the consolidated financial statement of the ultimate controlling party on the merger date. The difference between the initial investment cost of the long-term equity investment and the carrying amount of the consideration paid is adjusted for the equity premium in the capital reserve; When the equity premium in the capital reserve is not sufficient for write-down, the retained earnings shall be adjusted. If it is possible to control the invested entity under the same control due to additional investment or other reasons, the equity premium shall be adjusted for the difference between the sum of the initial investment cost of the long-term equity investment recognized in accordance with the above principles and the book value of the long-term equity investment before the merger plus the book value of the consideration paid for further acquisition of shares on the merger date. If the equity premium is not sufficient for write-down, the retained earnings shall be write-down.

For the long-term equity investment in the subsidiary formed by the merger of enterprises not under the same control, the merger cost determined on the purchase date shall be the initial investment cost of the long-term equity investment. If it is possible to control the invested entity that is not under the same control due to additional investment or other reasons, the sum of the book value of the original equity investment plus the cost of the new investment shall be used as the initial investment cost.

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

For long-term equity investment acquired by cash payment, the purchase price actually paid shall be used as the initial investment cost.

For long-term equity investment obtained by issuing equity securities, the fair value of equity securities issued shall be used as the initial investment cost.

3.17.3 Subsequent measurement and recognition of profits or losses

(1) Long-term equity investment accounted by cost method

The Company's long-term equity investments in its subsidiaries are accounted for using the cost method, unless the investment meets the conditions for holding for sale. Except for the cash dividends or profits declared but not yet distributed included in the price or consideration actually paid at the time of obtaining the investment, the Company shall recognize the current investment income according to the cash dividends or profits declared and distributed by the investee.

(2) Long-term equity investment accounted by equity method

Long-term equity investments in associated enterprises and joint ventures are accounted for using the equity method. If the initial investment cost is greater than the share of the fair value of the identifiable net assets of the investee at the time of investment, the initial investment cost of the long-term equity investment shall not be adjusted; if the initial investment cost is less than the share of the fair value of the identifiable net assets of the investee at the time of investment, the difference shall be included in the current profit and loss, and the cost of the long-term equity investment shall be adjusted at the same time.

The company shall recognize investment income and other comprehensive income respectively according to its share of net profit and loss and other comprehensive income realized by the invested entity, and adjust the book value of long-term equity investment at the same time; The share shall be calculated according to the profits or cash dividends declared to be distributed by the invested entity, and the book value of the long-term equity investment shall be reduced accordingly; For other changes in owners' equity other than net profit and loss, other comprehensive income and profit distribution of the invested entity (hereinafter referred to as "changes in other owners' equity"), the book value of long-term equity investment shall be adjusted and recorded into owners' equity.

When confirming the share of net profit and loss, other comprehensive income and other changes in owner's equity of the invested entity, it shall be based on the fair value of identifiable net assets of the invested entity at the time of acquisition of investment, and the net profit and other comprehensive income of the invested entity

shall be recognized after adjustment in accordance with the accounting policies and accounting periods of the company.

The unrealized internal trading gains and losses between the company and its associated enterprises or joint ventures shall be calculated and offset against the part that belongs to the company according to the proportion it should enjoy, and the investment income shall be recognized on this basis, except for the assets invested or sold that constitute business. The unrealized internal trading loss with the invested entity shall be fully recognized if it is an asset impairment loss.

The net loss incurred by the company to the joint venture or associated enterprise shall be limited to the write-down to zero of the book value of the long-term equity investment and other long-term interests that substantially constitute the net investment to the joint venture or associated enterprise, except for the obligation to bear additional losses. Where a joint venture or an associated enterprise later realizes net profits, the company shall resume the recognition of profit sharing after the profit sharing makes up for the unrecognized loss sharing.

(3) Disposal of long-term equity investments

When disposing long-term equity investment, the difference between the book value and the actual purchase price shall be recorded into the current profit and loss.

If part of the long-term equity investment calculated by the equity method is disposed of and the remaining equity is still calculated by the equity method, other comprehensive income recognized by the original equity method shall be carried forward on the same basis as the direct disposal of relevant assets or liabilities by the invested entity in accordance with the corresponding proportion, and other changes in owner's equity shall be proportionately transferred to the current profit and loss.

If the joint control or significant influence on the invested entity is lost due to the disposal of equity investment or other reasons, other comprehensive income of the original equity investment recognized by the equity method of accounting shall be accounted for on the same basis as the direct disposal of relevant assets or liabilities by the invested entity when the equity method of accounting is terminated. Other changes in owners' equity shall be transferred to current profits and losses when the equity method is terminated.

If the control right of the invested entity is lost due to the disposal of part of the equity investment or other reasons, when preparing individual financial statements, if the remaining equity can exercise joint control or significant influence on the invested entity, the equity method shall be adopted for accounting, and the remaining equity shall be adjusted when the remaining equity is regarded as obtained by itself. Other comprehensive income recognized before the acquisition of the control right of the invested entity shall be carried forward on the same basis as the direct disposal of related assets or liabilities by the invested entity, and other changes in owner's equity recognized by the equity method shall be carried forward to the current profit and loss on the same basis; If the remaining equity cannot be jointly controlled or exert significant influence on the invested entity, it shall be recognized as a financial asset, and the difference between its fair value and book value on the date of loss of control shall be recorded into the current profit and loss, and all other comprehensive income and other changes in owner's equity recognized before the control of the invested entity is acquired shall be carried forward.

If the equity investment of the subsidiary is disposed of step by step through multiple transactions until the control is lost, and it belongs to a package transaction, each transaction shall be treated as a transaction of disposing the equity investment of the subsidiary and losing the control; The difference between the disposal price of each time before the loss of control and the book value of the long-term equity investment due to the equity disposed of shall be recognized as other comprehensive income in individual financial statements, and then transferred to the current profit and loss of the loss of control when the control is lost. If it does not belong to a package transaction, accounting treatment shall be carried out separately for each transaction.

3.18 Investment properties

Investment real estate refers to real estate held for the purpose of earning rent or capital appreciation, or both, including land use rights leased, land use rights held and prepared to be transferred after appreciation, buildings leased (including buildings for lease upon completion of self-construction or development activities and buildings for lease in the future during construction or development).

The subsequent expenditure related to the investment real estate shall be included in the cost of the investment real estate when the relevant economic benefits are likely to flow in and the cost can be measured reliably; Otherwise, the current profit and loss shall be recorded at the time of occurrence.

The company adopts the cost model for the existing investment real estate measurement. For the investment

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real estate - leased buildings measured in accordance with the cost model, the depreciation policy is the same as that of the company's fixed assets, and the leased land use right is subject to the same amortization policy as intangible assets.

3.19 Fixed assets

3.19.1 Recognition criteria of fixed assets

Fixed assets refer to tangible assets held for the production of commodities, provision of labor services, leasing or operation and management, with a useful life of more than one fiscal year. Fixed assets are recognized when the following conditions are simultaneously met:

- (1) The economic benefits related to the fixed asset are likely to flow into the enterprise;
- (2) The cost of the fixed asset can be measured reliably.

Fixed assets are initially measured at cost (taking into account the impact of expected disposal costs).

Subsequent expenditures related to fixed assets are included in the cost of fixed assets when the economic benefits related to them are likely to flow in and their costs can be measured reliably; For the replaced part, terminate the recognition of its book value; All other subsequent expenditures are recorded in current profit and loss when incurred.

3.19.2 Depreciation method

Depreciation of fixed assets shall be calculated and withdrawn by means of average life method or double decreasing balance method. The depreciation rate is determined according to the class of fixed assets, the estimated useful life and the estimated net salvage value rate, which is uniform at 5%. For fixed assets for which impairment provisions have been made, the amount of depreciation shall be determined in the future period according to the book value after deducting impairment provisions and the remaining useful life. If the service life of each component of a fixed asset is different or it provides economic benefits to the enterprise in different ways, different depreciation rates or depreciation methods shall be selected and depreciation shall be calculated separately.

Depreciation of fixed assets begins when they reach a predetermined usable state, and stops when they are terminated for recognition or classified as non-current assets held for sale.

The depreciation method, depreciation life, salvage value rate and annual depreciation rate of all kinds of fixed assets are as follows:

Categories	Depreciation method	Depreciation life (Year)	Residual value rate (%)	Annual depreciation rate (%)
Houses and buildings				
Including: houses and buildings for production	Average number of years method or double decreasing balance method	20.00	5.00	4.75 or double decreasing balance method
Non-productive housing buildings	Average number of years method	25.00	5.00	3.80
Machinery and equipment	Average number of years method or double decreasing balance method	10.00	5.00	9.50 or double decreasing balance method
Equipment for transportation	Average number of years method	6.00	5.00	15.83
Instrument and meter	Average number of years method or double decreasing balance method	6.00	5.00	15.83 or double decreasing balance method
Electronic computer	Average number of years method or double decreasing balance method	5.00	5.00	19.00 or double diminishing balance method
Photovoltaic power generation equipment	Average number of years method	20.00	5.00	4.75
Other equipment	Average number of years method or double decreasing balance method	6.00	5.00	15.83 or double decreasing balance method

3.19.3 Disposal of fixed assets

When the fixed assets are disposed, or they are expected not to bring any economic interest via use or disposal, such fixed assets will be derecognized. When the fixed asset is sold, transferred, scrapped or damaged, the Company will include such disposal revenue, deducting the book value and related taxes and surcharges thereof, in the current profit or loss.

3.20 Construction in progress

3.20.1 Criteria for initial measurement of construction in progress and transfer of construction in progress to fixed assets

The cost of construction in progress shall be measured according to the cost actually incurred. Actual costs include construction costs, installation costs, capitalized borrowing costs, and other expenditures necessary to bring the work in progress into a predetermined serviceable condition. When the project under construction reaches a predetermined serviceable state, it shall be transferred to fixed assets and depreciated from the next month.

3.20.2 Recognition standard and accrual method of provision for impairment of construction in progress

At the end of each period, the Company determines whether there are signs of possible impairment of the construction in progress.

If there are signs of impairment of the construction in progress, the recoverable amount shall be estimated. Where there are indications that a project under construction may be impaired, the recoverable amount shall be estimated on the basis of a single project under construction. If it is difficult to estimate the recoverable amount of a single project under construction, the recoverable amount of the asset group to which the project belongs shall be determined on the basis of the asset group to which the project under construction belongs.

The recoverable amount shall be determined by the higher between the net value of the fair value of the construction in progress less disposal expenses and the present value of the estimated future cash flows of the construction in progress.

When the recoverable amount of the construction in progress is lower than its carrying amount, the carrying amount of the construction in progress shall be written down to the recoverable amount, and the written down amount shall be recognized as the impairment loss of the construction in progress and recorded into the current profit and loss, and the corresponding impairment provision for the construction in progress shall be made at the same time.

Once the impairment loss of construction in progress is recognized, it will not be reversed in subsequent accounting periods.

3.21 Borrowing costs

3.21.1 Recognition criteria of capitalization of borrowing costs

Borrowing costs incurred by the company that can be directly attributed to the purchase, construction or production of assets eligible for capitalization shall be capitalized and included in the cost of relevant assets; Other borrowing costs shall be recognized as expenses according to the amount incurred when incurred and recorded into current profits and losses.

The assets that meet the capitalization conditions refer to the fixed assets, investment real estate, inventory and other assets that need to go through a fairly long period of purchase, construction or production activities to reach the predetermined state of being usable or saleable.

3.21.2 Capitalization period for borrowing costs

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

Borrowing costs may be capitalized only when all the following conditions are met:

- (1) Asset expenses, which include those incurred by cash payment, the transfer of non-cash assets or the undertaking of interest-bearing debts for acquiring and constructing or producing assets eligible for capitalization, have already been incurred;
- (2) Borrowing costs have already been incurred;
- (3) The acquisition and construction or production activities which are necessary to prepare the assets for their

intended use or sale have already been started.

Capitalization of borrowing costs should be ceased when the acquired and constructed or produced assets eligible for capitalization have reached their intended use or sale status.

3.21.3 Period of capitalization suspension

The capitalization of borrowing costs shall be suspended if the abnormal interruption occurs in the purchase, construction or production process of the assets eligible for capitalization and the interruption lasts for more than 3 consecutive months; If the interruption is a necessary procedure for the purchased, built or produced assets eligible for capitalization to reach a predetermined usable or saleable state, the borrowing costs will continue to be capitalized. Borrowing costs incurred during the interruption period are recognized as current profits and losses until the borrowing costs continue to be capitalized after the acquisition and construction of assets or production activities restart.

3.21.4 Measurement of capitalization rate and capitalized amounts of borrowing costs

As for special borrowings borrowed for acquiring and constructing or producing assets eligible for capitalization, borrowing costs of special borrowing actually incurred in the current period less the interest income of the borrowings unused and deposited in bank or return on temporary investment should be recognized as the capitalization amount of borrowing costs.

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

During the capitalization period, exchange differences of principal and interest on foreign currency special borrowings shall be capitalized and included in the cost of assets eligible for capitalization. Exchange differences arising from the principal and interest on foreign currency borrowings other than foreign currency special borrowings are recognized in the current profit or loss.

3.22 Intangible assets

3.22.1 Measurement of intangible assets

The cost of purchased intangible assets includes the purchase price, relevant taxes and other expenditures directly attributable to the achievement of the intended use of the assets. If the payment of the purchase price of intangible assets is delayed beyond the normal credit conditions and has the nature of financing in essence, the cost of intangible assets shall be determined on the basis of the current value of the purchase price. The difference between the price actually paid and the present value of the purchase price, except for those that shall be capitalized, shall be included in the current profits and losses during the credit period.

The entry value of the intangible assets acquired by the debtor for debt repayment in debt restructuring shall be determined on the basis of the fair value of the intangible assets, and the difference between the book value of the restructured debt and the fair value of the intangible assets used for debt repayment shall be included in the current profits and losses.

On the premise that the exchange of non-monetary assets is of commercial substance and the fair value of the assets received or surrendered can be reliably measured, the entry value of the intangible assets received in the exchange of non-monetary assets is determined on the basis of the fair value of the assets surrendered, unless there is evidence that the fair value of the assets received is more reliable; For the exchange of non-monetary assets that do not meet the above prerequisites, the book value of the assets surrendered and the relevant taxes payable shall be regarded as the cost of the intangible assets received, and no profit or loss shall be recognized.

The entry value of the intangible assets acquired by the merger of enterprises under the same control is determined according to the book value of the merged party; the entry value of the intangible assets acquired by the merger of enterprises not under the same control is determined according to the fair value. The cost of internally self-developed intangible assets includes: materials consumed in the development of the intangible assets, labor costs, registration fees, amortization of other patents and franchises used in the development

process, and interest expenses that meet the capitalization conditions. And other direct costs incurred to enable the intangible assets to achieve the intended use.

3.22.2 Subsequent measurement of intangible assets

The Company analyzes and judges the service life of intangible assets when obtaining them, and classifies them into intangible assets with limited service life and intangible assets with uncertain service life. Intangible assets with limited service life shall be amortized by the straight-line method within the service life, and their service life and amortization method shall be rechecked at the end of the year. If there is any difference with the original estimate, corresponding adjustment shall be made. Intangible assets with uncertain service life, it is not amortized during the holding period, and the service life of the intangible assets shall be rechecked at the end of each period. When there is conclusive evidence showing that its service life is limited, its service life shall be estimated and amortized by the straight-line method.

3.22.3 Collection scope of R & D expenditure

The scope of R & D expenditure refers to the various expenditures incurred in the process of research and development of enterprises, mainly including: salaries, wages and other related labor costs of personnel engaged in research and development activities; materials and labor costs consumed in the process of research and development; depreciation costs of fixed assets used for research and development; Indirect costs related to research and development: other costs, such as amortization costs of patent rights and license fees used.

3.22.4 Specific criteria for dividing the research phase and the development phase

Research stage: The stage of original and planned investigation and research activities to acquire and understand new scientific or technical knowledge.

Development stage: the stage of applying research results or other knowledge to a plan or design to produce new or substantially improved materials, devices, products and other activities before commercial production or use. Expenditures incurred in the research stage of internal research and development projects shall be included in the current profits and losses when incurred.

3.22.5 Specific criteria for qualifying expenditure on the development phase for capitalization

Expenditure in the research phase shall be recorded into current profit and loss when incurred. Expenditures in the development stage that simultaneously meet the following conditions shall be recognized as intangible assets, and expenditures in the development stage that cannot meet the following conditions shall be recorded into current profits and losses:

- (1) It is technically feasible to complete the intangible asset so that it can be used or sold;
- (2) It has the intention to complete the intangible asset and use or sell it;
- (3) The way in which the intangible asset generates economic benefits, including being able to prove that there is a market for the products produced by using the intangible asset or that there is a market for the intangible asset itself, and that the intangible asset will be used internally, being able to prove its usefulness;
- (4) It has the support of sufficient technology, financial resources and other resources to complete the development of the intangible asset and has the ability to use or sell the intangible asset;
- (5) The expenditure attributable to the development stage of the intangible asset can be measured reliably.

Expenditures in the development stage that do not meet the above conditions shall be recorded into current profits and losses when incurred. Development expenses recorded into profit and loss in previous periods shall not be re-recognized as assets in subsequent periods. The capitalized expenditures in the development stage are shown as development expenditures in the balance sheet and will be converted into intangible assets as of the date when the project reaches its intended use.

3.23 Long-term assets impairment

Long-term equity investments, investment real estate measured by cost model, fixed assets, construction in progress, use-right assets, intangible assets with limited service life, oil and gas properties and other long-term assets, if there are signs of impairment on the balance sheet date, the impairment test shall be conducted. If the impairment test results show that the recoverable amount of an asset is lower than its carrying value, the impairment provision shall be made according to the difference and the impairment loss shall be recorded. The recoverable amount is the higher of the net value of the fair value of the asset less disposal expenses and the present value of the estimated future cash flows of the asset. The asset impairment reserve is calculated and

recognized on the basis of a single asset. If it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group to which the asset belongs shall be determined. An asset group is the smallest portfolio of assets that can independently generate cash inflows.

For goodwill formed as a result of enterprise merger, intangible assets with uncertain service life and intangible assets that have not reached the usable state, no matter whether there are signs of impairment, impairment tests shall be conducted at least at the end of each year.

The company conducts goodwill impairment tests and apportion the book value of goodwill formed as a result of enterprise merger to the relevant asset groups in a reasonable way from the purchase date; if it is difficult to allocate to the relevant asset group, it shall be allocated to the relevant asset group portfolio. The relevant asset group or asset group combination is the asset group or asset group combination that can benefit from the synergies of the business combination.

When conducting impairment tests on related asset groups or asset group combinations containing goodwill, if there are signs of impairment in the asset groups or asset group combinations related to goodwill, the impairment tests shall be conducted on the asset groups or asset group combinations that do not contain goodwill to calculate the recoverable amount and confirm the corresponding impairment losses by comparing them with the relevant carrying value. Then conduct an impairment test on the asset group or asset group combination containing goodwill, and compare its book value with the recoverable amount. If the recoverable amount is lower than the book value, the amount of impairment loss shall first offset the book value of the goodwill allocated to the asset group or asset group combination. The book value of other assets shall be deducted in proportion to the proportion of the book value of other assets except goodwill in the asset group or asset group combination.

Once the above-mentioned impairment loss of assets is recognized, it shall not be reversed in subsequent accounting periods.

3.24 Long-term deferred expenses

Long-term deferred expenses refer to all expenses that have been paid by the company and whose amortization period is more than one year (excluding one year).

The long-term deferred expenses incurred by the Company shall be priced at the actual cost and amortized on an average basis according to the expected benefit period. For the long-term deferred expenses that cannot benefit the future accounting period, the amortized value of the project shall be fully recorded into the current profit and loss when determining.

3.25 Contract liabilities

According to the relationship between the performance of obligations and the customer payment, the Company presents contract assets or contract liabilities in the balance sheet. The Company's obligations in transferring goods or rendering services to customers on the ground that it has received or will receive relevant considerations from these customers are presented as contract liabilities. Contract assets and contract liabilities under the same contract should be presented at net amount.

3.26 Employee benefits

3.26.1 Accounting treatment of short-term compensation

During the accounting period when employees serve the Company, the actual short-term compensation is recognized as liabilities and included in current profit or loss or costs associated with assets.

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

The employee welfare occurring in the Company shall be include in the current profit or loss or the related asset costs according to the actual amount when actually occurring. Among them, non-monetary benefits are measured at the fair value.

3.26.2 Accounting treatment of post-employment benefits

(1) Defined contribution plan

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

In addition, the Company also participates in the enterprise annuity plans/supplementary pension funds approved by the relevant state authorities. The Company makes payments to the annuity plans or local social insurance institutions in a certain proportion to the total employee wage, with corresponding expenses included in the current profit or loss or related asset costs.

(2) Defined benefit plans

According to the formula determined by the expected cumulative benefit unit method, the company will attribute the welfare obligation generated by the set benefit plan to the service period provided by the employee and record it into the current profit and loss or the cost of related assets.

The deficit or surplus resulting from the present value of defined benefit plan obligations minus the fair value of defined benefit plan assets is recognized as the net liability or net asset of a defined benefit plan. If the defined benefit plan has surplus, the company shall measure the net assets of the defined benefit plan by the lower of the surplus of the defined benefit plan and the upper limit of assets.

Obligations under the defined benefit plan, including the payment obligation that is expected to be done within 12 months following the annual reporting period when the employees serve for the Company, are discounted at the market yield of the national debt matching with the obligatory term of the defined benefit plan and the currency on the balance sheet date or the bonds of the high-quality companies in the active market.

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

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

3.26.3 Accounting treatment of dismissal benefits

Where the Company provides dismissal welfare to employees, employee benefits incurred from dismissal benefits are recognized as liabilities and recorded into the current profit and loss at the earlier date of: when the Company is unable to unilaterally withdraw the dismissal benefits provided in the plan on the cancellation of labor relationship or the layoff proposal; when the Company recognizes the cost related to restructuring concerning payment of dismissal benefits.

3.27 Provisions

The Company recognizes the obligations related to contingencies as projected liabilities when the following conditions are simultaneously met:

- (1) The obligation is a current obligation undertaken by the Company;
- (2) the performance of such obligation is likely to result in outflow of economic benefits from the Company;
- (3) The amount of the obligation can be measured reliably.

Projected liabilities are initially measured at the best estimate of the expenditure required to meet the relevant current obligations.

In determining the best estimate, factors such as risk, uncertainty and time value of money associated with contingencies are taken into account. If the time value of money has a significant impact, the best estimate is

determined by discounting the relevant future cash outflow.

Where there is a continuous range of required expenditures within which all outcomes are equally likely to occur, the best estimate is determined by the median of the range; In other cases, the best estimates are treated separately in the following cases:

- Where contingencies involve a single item, they are determined on the basis of the amount most likely to occur.
- Contingencies involving more than one project are determined by calculating the possible outcomes and associated probabilities.

Where all or part of the expenditure required to repay the estimated liability is expected to be compensated by a third party, the amount of compensation shall be recognized separately as an asset when it is basically determined to be received, and the recognized amount of compensation shall not exceed the carrying value of the estimated liability.

The Company reviews the carrying value of the estimated liability on the balance sheet date, and if there is conclusive evidence that the carrying value cannot reflect the current best estimate, the company shall adjust the carrying value according to the current best estimate.

3.28 Share-based payment

A share-based payment of the company is a transaction in which an equity instrument is granted or a liability is assumed on the basis of the equity instrument in order to obtain services provided by employees or other parties. The company's share-based payments are divided into equity-settled share-based payments and cash-settled share-based payments.

3.28.1 Equity-settled share-based payment and equity instruments

Equity-settled share-based payment in exchange for services provided by employees, the measurement shall be based on the fair value of the equity instruments granted to employees. For share-based payment transactions with immediate feasible rights after grant, relevant costs or expenses shall be recorded according to the fair value of the equity instrument on the grant date, and the capital reserve shall be increased accordingly. For share-based payment transactions in which the services within the waiting period are completed after the grant or the rights are feasible only when the specified performance conditions are met, on each balance sheet date during the waiting period, the Company shall, based on the best estimate of the number of viable rights equity instruments and the fair value on the grant date, record the services acquired in the current period into relevant costs or expenses and increase the capital reserve accordingly.

If the terms of equity-settled share-based payments are modified, at least the services obtained are recognized as if the terms had not been modified. In addition, any modification that increases the fair value of the equity instrument granted, or changes in favor of the employee on the modification date, recognizes an increase in the acquisition of services.

During the waiting period, if the granted equity instrument is cancelled, the Company will treat the cancellation of the granted equity instrument as accelerated exercise, and the amount to be recognized during the remaining waiting period will be immediately recorded into the current profit and loss, and the capital reserve will be recognized at the same time. However, if a new equity instrument is granted and it is determined on the grant date that the new equity instrument granted is intended to replace the cancelled equity instrument, the granted alternative equity instrument will be treated in the same manner as if the terms and conditions of the original equity instrument were modified.

3.28.2 Cash-settled share-based payment and equity instruments

Cash-settled share-based payments shall be measured at the fair value of the liabilities calculated and determined on the basis of shares or other equity instruments assumed by the Company. For a share-based payment transaction that can be exercised immediately after the grant, the Company shall include the relevant costs or expenses in accordance with the fair value of the liabilities assumed on the date of grant, and increase the liabilities accordingly. For share-based payment transactions that can only be exercised after the completion of services within the waiting period or the achievement of prescribed performance conditions after the grant, On each balance sheet date within the vesting period, the Company shall, based on the best estimate of the exercisable right, include the services obtained in the current period in the relevant costs or expenses according to the fair value of the liabilities assumed by the Company, and include them in the liabilities accordingly. On each balance sheet date and settlement date prior to the settlement of the relevant liabilities, the fair value of

the liabilities shall be re-measured, and the changes shall be included in the current profits and losses.

If the Company modifies the terms and conditions of the cash-settled share-based payment agreement to make it an equity-settled share-based payment, on the modification date (whether within or after the vesting period), the Company measures the equity-settled share-based payment at the fair value of the equity instrument granted on that date, and includes the services obtained in the capital reserve. At the same time, the cash settled share payment for the liabilities recognized at the amendment date is terminated, and the difference between the two is included in the current profit or loss. If the vesting period is extended or shortened due to modification, the Company shall conduct accounting treatment according to the modified vesting period.

3.29 Other financial instruments such as preferred shares and water renewal bonds

In accordance with the contractual terms of the preferred shares/perpetual bonds issued by the Company and the economic substance reflected therein rather than in legal form only, Classify the financial instrument or its components as a financial asset, financial liability or equity instrument at the time of initial recognition.

A financial instrument such as a perpetual bond/preferred stock issued by the Company satisfies one of the following conditions to classify the financial instrument as a financial liability in its entirety or its components at the time of initial recognition:

- (1) There exist contractual obligations which the Company cannot unconditionally avoid performing by delivering cash or other financial assets;
- (2) Contains a contractual obligation to deliver a variable number of its own equity instruments for settlement;
- (3) Contains derivatives settled with its own equity (such as conversion of equity, etc.), and such derivatives do not exchange a fixed number of its own equity instruments for a fixed amount of cash or other financial assets for settlement;
- (4) There are contract terms that indirectly form contractual obligations;
- (5) At the time of liquidation by the issuer, the perpetual bonds are in the same repayment order as the ordinary bonds and other debts issued by the issuer.

A financial instrument such as perpetual debt/preferred stock that does not meet any of the above conditions shall be classified as an equity instrument in its entirety or its components at the time of initial recognition.

3.30 Revenue

Revenue is recognised when the Company has satisfied a performance obligation in a contract, that is, when the customer obtains control of the underlying asset (goods or services). Whether the performance obligation is performed over a period of time or at a point in time depends on the terms of the contract and the relevant legal requirements. If the Company meets one of the following conditions, it shall be deemed to have performed the performance obligations within a certain period of time:

1. The customer obtains and consumes the economic benefits brought by the Company's performance at the same time of the Company's performance.
2. The customer is able to control the assets under construction in the course of the Company's performance.
3. The assets produced by the Company in the course of performance have irreplaceable purposes, and the Company has the right to receive payment for the part of the performance that has been completed so far during the whole contract period.

If the performance obligation is performed within a certain period of time, the Company shall recognize the revenue according to the performance progress. Otherwise, the Company recognizes revenue at a point in time when the customer obtains control of the relevant asset. The performance progress is measured by the expenditure or input incurred by the Company to fulfill the performance obligations, which is determined based on the proportion of the accumulated costs incurred to the estimated total costs as of the balance sheet date of each contract.

When determining the contract transaction price, if there is a variable consideration, the Company determines the best estimate of the variable consideration based on the expected value or the most likely amount, and includes it in the transaction price at an amount not exceeding the amount at which it is highly unlikely that there will be a significant reversal of the accumulated recognized revenue when the relevant uncertainty is eliminated. If there is a significant financing component in the contract, the Company will adjust the transaction price according to the financing component in the contract; If the interval between the transfer of control right and the payment of the price by the customer does not exceed one year, the Company does not consider the financing component.

For sales with sales return clauses, when the customer obtains the control of the relevant goods, the company recognizes the revenue according to the amount of consideration that the customer has the right to obtain due to the transfer of goods to the customer, and recognizes the amount expected to be returned due to sales return as provisions; At the same time, according to the expected book value of the returned goods at the time of transfer, the expected cost of recovering the goods (including the impairment of the value of the returned goods) is deducted. The balance is recognized as an asset, that is, the cost of return receivable, which is carried forward according to the book value of the transferred goods at the time of transfer, deducting the net cost of the above assets. On each balance sheet date, the Company re-estimates the future sales returns and re-measures the above assets and liabilities.

If there is significant financing cost in the contract, the Company shall determine the transaction price based on the payable amount which is assumed to be paid in cash when the customer obtains the control right of the commodity. If the nominal amount of the contract consideration is discounted into the cash sale price of the commodity, the difference between the determined transaction price and the amount of the consideration promised in the contract shall be amortized by the effective interest rate method during the contract period. If the interval between the expected acquisition of commodity control rights by the customer and the payment of the price by the customer does not exceed one year, the Company did not consider the existence of a significant financing component in the contract. The Company has the right to independently determine the price of the commodity traded, that is, the Company can control the product before transferring the commodity and other products to the customer, so the Company is the main responsible person, and the revenue is recognized according to the total amount of consideration received or receivable. Otherwise, the company, as an agent, recognizes the income according to the amount of the commission or handling fee that it is expected to be entitled to receive. The amount shall be recognized as the net amount of the total amount of consideration received or receivable less the amount payable to other relevant parties, or in accordance with the established amount or proportion of commission.

3.31 Contract cost

3.31.1 Contract performance costs

The Company recognizes the cost incurred for the performance of a contract as an asset if it does not fall within the scope of the Accounting Standards for Business Enterprises other than the Income Standards and meets the following conditions:

- (1) The cost is directly related to a current or expected contract. Includes direct labor, direct materials, manufacturing (or similar) expenses, costs expressly for the account of the customer, and other costs incurred solely as a result of the contract.
- (2) The cost increases the resources used by the enterprise to fulfill its performance obligations in the future.
- (3) The cost is expected to be recovered.

The asset is presented in inventory or other non-current assets based on whether the amortization period exceeds a normal operating cycle at the time of its initial recognition.

3.31.2 Cost of contract acquisition

The incremental cost incurred by the Company for obtaining the contract is expected to be recovered, it shall be recognized as an asset as the cost of obtaining the contract. Incremental cost refers to the cost that the company will not incur without obtaining the contract, such as sales commission. If the amortization period does not exceed one year, it shall be included in the current profits and losses when it occurs.

3.31.3 Amortization of contract costs

The above assets related to contract costs are amortized at the time of performance of performance obligations or in accordance with the progress of performance of performance obligations on the same basis as the recognition of revenue from goods or services related to the assets, and are included in the current profits and losses.

3.31.4 Impairment of contract costs

The book value of the aforesaid assets related to the contract cost is higher than the difference between the remaining consideration expected to be obtained by the Company for the transfer of the goods related to the assets and the cost estimated to occur for the transfer of the goods related to the assets, the excess part shall be

accrued for impairment and recognized as asset impairment loss.

After the provision for impairment is made, if the factors of impairment in previous periods change so that the difference between the above two items is higher than the carrying value of the asset, the original provision for impairment of the asset shall be reversed and recorded into the profit and loss of the current period, provided that the carrying value of the asset after the reversal shall not exceed the carrying value of the asset on the reversal date under the assumption that no provision for impairment is made.

3.32 Government grants

3.32.1 Type

Government grants are monetary assets and non-monetary assets freely obtained by the Company from the government. Government grants are classified into asset-related government grants and income-related government grants.

Asset-related government grants refer to government grants obtained by the Company for forming long-term assets by acquisition, construction or other manners. Income-related government grants refer to government grants excluding the asset-related government grants.

3.32.2 Accounting treatment

Government grants are recognized when the company can meet the conditions attached to them and can receive them. Government subsidies for monetary assets shall be measured according to the amount received or receivable. Government subsidies for non-monetary assets shall be measured in accordance with fair value; If the fair value cannot be reliably obtained, it shall be measured in nominal amount.

Government subsidies related to assets shall be written down or recognized as deferred income. If it is recognized as deferred income, it shall be recorded into current profit and loss by stages in a reasonable and systematic way during the service life of the relevant assets (if it is related to the daily activities of the Company, it shall be recorded into other income; Those not related to the daily activities of the Company shall be included in non-operating income);

Government subsidies related to income, which are used to compensate the company's related costs, expenses or losses in the future period, shall be recognized as deferred income, and shall be recorded into the current profit and loss during the period of recognition of related costs, expenses or losses (those related to the company's daily activities shall be recorded into other income; If it is not related to the daily activities of the Company, it shall be included in non-operating income) or write-down related costs and expenses or losses; Those used to compensate the related costs and expenses or losses already incurred by the Company shall be directly recorded into the current profit and loss (those related to the daily activities of the Company shall be recorded into other income; Those unrelated to the company's daily activities shall be included in non-operating income) or write-down related costs, expenses or losses.

Government subsidies measured in nominal amounts shall be directly recorded into current profits and losses. The discount interest of policy-based preferential loans obtained by the company shall be accounted for separately in the following two situations:

- (1) If the finance department allocates discount interest funds to the lending bank and the lending bank provides loans to the Company at the preferential policy interest rate, the Company shall take the actual amount of loans received as the entry value of the loans and calculate the relevant borrowing costs according to the loan principal and the preferential policy interest rate.
- (2) If the finance department directly appropriates the discount interest funds to the Company, the Company will offset the corresponding discount interest against the relevant borrowing costs.

3.33 Deferred tax assets and deferred tax liabilities

Income tax includes current income tax and deferred income tax. Except for income tax arising from business combinations and transactions or events directly recognized in owners' equity (including other comprehensive income), the Company includes current income tax and deferred income tax in current profit and loss.

Deferred income tax assets and deferred income tax liabilities are calculated and recognized based on the difference (temporary difference) between the tax base of the asset and the carrying value of the liability.

For the recognition of deferred income tax assets for deductible temporary differences, the amount of taxable income that is likely to be obtained in future periods to offset the deductible temporary differences shall be

limited. For deductible losses and tax credits that can be carried forward to future years, the corresponding deferred income tax assets are recognized to the extent that future taxable income is likely to be obtained to offset the deductible losses and tax credits.

For taxable temporary differences, deferred income tax liabilities are recognized except in special circumstances.

Special circumstances in which deferred tax assets or deferred tax liabilities are not recognized include:

- initial recognition of goodwill;
- Transactions or events that are neither a business combination, occur and do not affect accounting profit and taxable income (or deductible loss), and the initial recognition of assets and liabilities does not result in taxable temporary differences and deductible temporary differences of equal amounts.

Deferred tax liabilities are recognized for taxable temporary differences related to investments in subsidiaries, associates and joint ventures, unless the Company can control the timing of the reversal of such temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future. Deferred tax assets are recognized for deductible temporary differences related to investments in subsidiaries, associates and joint ventures when the temporary differences are likely to be reversed in the foreseeable future and taxable income to offset the deductible temporary differences is likely to be obtained in the future.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities shall be measured according to the applicable tax rate during the expected recovery of the relevant assets or liquidation of the relevant liabilities in accordance with the provisions of the tax law.

On the balance sheet date, the Company rechecks the carrying value of deferred income tax assets. Write down the carrying value of the deferred income tax asset if it is likely that sufficient taxable income will not be obtained in future periods to offset the benefit of the deferred income tax asset. The amount written down is reversed when it is probable that sufficient taxable income will be obtained.

When there is a legal right to settle on a net basis and the intention is to settle on a net basis or to acquire assets and settle liabilities simultaneously, the current income tax asset and current income tax liability are presented as the net offset.

On the balance sheet date, deferred tax assets and deferred tax liabilities are presented at the net offset if the following conditions are simultaneously met:

- The taxpayer has the legal right to net current income tax assets and current income tax liabilities;
- Deferred income tax assets and deferred income tax liabilities are related to income tax levied by the same tax collection authority on the same taxpayer or to different taxpayers, but in each future period in which significant deferred income tax assets and liabilities are rolled back, The taxpayer involved intends to settle current income tax assets and liabilities on a net basis or acquire assets and settle liabilities at the same time.

3.34 Lease

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

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

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

3.34.1 The Company as the lessee

(1) Right-of-use assets

On the commencement date of the lease term, the company recognizes the right to use assets other than short-term leases and low-value asset leases. Right-of-use assets shall be initially measured at cost. This cost includes:

- The initial measurement amount of the lease liability;
- The amount of lease payments made on or before the commencement date of the lease term, if there is a lease

incentive, the amount related to the lease incentive already enjoyed shall be deducted;

- Initial direct expenses incurred by the Company;
- The costs expected to be incurred by the Company to dismantle and remove the leased assets, restore the site where the leased assets are located or restore the leased assets to the state stipulated in the lease terms, excluding the costs incurred for the production of inventory.

The company subsequently uses the straight-line method to depreciate the assets of the right of use. Where the ownership of the leased asset can be reasonably determined at the end of the lease term, the company shall calculate depreciation during the remaining service life of the leased asset; Otherwise, the leased asset shall be depreciated during the period during which the lease term and the remaining useful life of the leased asset are shorter.

The Company shall determine whether the assets of the right of use have been impaired and conduct accounting treatment for the identified impairment losses in accordance with the principles described in "3.23 Impairment of Long-term Assets" in this note.

(2) Lease liabilities

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

- for fixed payments (including substantial fixed payments), if there is any lease incentive, the relevant amount of the lease incentive shall be deducted;
- variable lease payments depending on the index or ratio;
- the payments expected to be payable based on the residual value of the guarantee provided by the Company;
- exercise price of purchase option, provided that the Company reasonably determines that it will exercise the option;
- the amount to be paid to exercise the lease termination option, provided that it is reflected that the Company will exercise the lease termination option during the lease period.

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

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

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

After the commencement date of the lease term, under any of the following circumstances, the Company will re-measure the lease liabilities and adjust the corresponding right-of-use assets; if the book value of the right-of-use assets has been reduced to zero and further reduction of lease liabilities is still required, the difference will be included in the current profit or loss:

- In case of any change in the evaluation results of the purchase option, lease renewal option or termination option, or any inconsistency between the actual exercise of the aforesaid options and the original evaluation results, the Company will re-measure lease liabilities according to the present value calculated by the changed lease payments and the revised discount rate.
- When there is a change in the substantial fixed payment amount, a change in the expected amount payable for the residual value of the guarantee, or a change in the index or ratio used to determine the lease payment amount, the Company re-measures the lease liability based on the present value calculated from the changed lease payment amount and the original discount rate. However, changes in lease payments are due to changes in floating interest rates and the present value is calculated using the revised discount rate.

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

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

(4) Lease changes

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

- where the lease change expands the scope of the lease by adding the right to use one or more leased assets;
- where the increase of the consideration is equivalent to the adjusted individual price of the expanded part of the lease scope according to the contract.

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

If the lease change causes the lease scope to be reduced or the lease term to be shortened, the Company shall correspondingly reduce the book value of the right-to-use assets, and include the related gains or losses of partial or complete termination of the lease in the current profit or loss. Where other lease changes lead to re-measurement of lease liabilities, the Company will adjust the book value of the right-of-use assets accordingly.

3.34.2 The Company as the lessor

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

(1) Accounting treatment of operating leases

Rental from the operating lease in each stage during the rental period should be recognized as the lease income by the straight-line method. Initial direct costs relating to operating lease incurred by the Company are capitalized, and shall be included in the current profit or loss on the same basis as the recognition of lease income during the lease term. The variable lease payable that is not included in the lease receivable shall be included in the current profit or loss at the time of actual occurrence. In case of any change in the operating lease, the Company will make the accounting treatment for it as a new lease from the effective date of the change, and the amount received in advance or lease receivables before the change will be regarded as the receivables from the new lease.

(2) Accounting treatment of finance lease

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

The Company calculates and recognizes interest income for each period of the lease term at a fixed periodic interest rate. The termination recognition and impairment of the finance lease receivable shall be accounted for in accordance with "3.11 Financial Instruments" in this note.

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

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

- where the change expands the scope of the lease by adding the right to use one or more leased assets;
- where the increase of the consideration is equivalent to the adjusted individual price of the expanded part of the lease scope according to the contract.

Where the change of finance lease is not accounted for as a separate lease, the Company will treat the changed lease according to the following circumstances:

- If the change comes into effect on the lease commencement date, the lease will be classified as an operating lease. The Company will start making accounting treatment for it as a new lease from the effective date of the lease change, and regard the net lease investment before the effective date of the lease change as the book value of the leased assets.
- If the change comes into effect on the lease commencement date, the lease will be classified as a finance lease, and the Company will conduct accounting treatment according to the policy on modifying or renegotiating the contract in "3.11 Financial instruments" of this note.

3.34.3 Sale-leaseback transaction

The Company evaluates and determines whether the transfer of assets in a sale-and-leaseback transaction is a sale in accordance with the principles described in "3.30 Revenue" in this note.

(1) As the lessee

If the transfer of assets in the sale-leaseback transaction is a sale, the company, as the lessee, shall measure the right to use assets formed by the sale-leaseback according to the part of the book value of the original assets related to the right to use acquired by the leaseback, and only recognize the relevant gains or losses in respect of the right transferred to the lessor.

Where the transfer of assets in a sale-and-leaseback transaction is not a sale, the Company, as the lessee, continues to recognize the transferred assets and at the same time recognizes a financial liability equal to the transfer income. For the accounting treatment of financial liabilities, please refer to "3.11 Financial Instruments" in this note.

(2) As a lessor

If the transfer of assets in the sale-leaseback transaction is a sale, the Company, as the lessor, shall conduct accounting treatment for the purchase of assets, and shall conduct accounting treatment for the lease of assets in accordance with the aforementioned policy of "2. The Company as the lessor "; If the transfer of assets in a sale-and-leaseback transaction is not a sale, the Company, as the lessor, does not recognize the transferred assets, but recognizes a financial asset equal to the transfer income. For the accounting treatment of financial assets, please refer to "3.11 Financial Instruments" in this note.

3.35 Hedge accounting

3.35.1 Classification of Hedging

- (1) The term "fair value hedge" refers to a hedge of the risk of changes in the fair value of a recognized asset or liability and an unrecognized firm commitment (excluding foreign exchange risk).
- (2) The term "cash flow hedge" refers to a hedge of the risk of changes in cash flow, where the changes in cash flow are attributable to a specific risk related to a recognized asset or liability or a highly probable forecast transaction or the foreign exchange risk contained in an unconfirmed firm undertaking.
- (3) A hedge of net investment in an overseas operation refers to a hedge of the foreign exchange risk of net investment in an overseas operation. The "net investment in an overseas operation" refers to the equity share of an enterprise in the net assets of an overseas operation.

3.35.2 Designation of hedging relationship and determination of the effectiveness of hedging

At the beginning of the hedging relationship, the Company has formally designated the hedging relationship and prepared formal written documents on the hedging relationship, risk management objectives and hedging strategies. This document sets out the nature and quantity of the hedging instrument, the nature and quantity of the hedged items, the nature of the hedged risk, the type of hedging, and the Company's assessment of the effectiveness of the hedging instrument. Hedge effectiveness, It refers to the extent to which the changes in the fair value or cash flow of the hedging instrument can offset the hedged item caused by the hedged risk and the changes in the fair value or cash flow.

The Company shall continuously evaluate the effectiveness of the hedge and judge whether the hedge meets the requirements for the effectiveness of hedge accounting during the accounting period in which the hedging relationship is designated. If not, the use of the hedging relationship shall be terminated.

The application of hedging accounting shall meet the following requirements for the effectiveness of hedging:

- (1) There is an economic relationship between the hedged item and the hedging instrument.
- (2) In the value changes arising from the economic relationship between the hedged item and the hedging instrument, the impact of credit risk is not dominant.
- (3) An appropriate hedging ratio is adopted, and the hedging ratio will not form a balance between the hedged item and the relative weight of the hedging instrument, resulting in an accounting result inconsistent with the hedging accounting objective. If the hedging ratio is no longer appropriate, but the risk management objective of the hedging period remains unchanged, the number of the original hedging item or hedging instrument shall be adjusted to make the hedging ratio meet the requirement of effectiveness again.

3.35.3 Hedge accounting treatment method

- (1) Fair value hedging

Changes in the fair value of hedging derivatives are recorded in current profits and losses. Changes in the fair value of the hedged item due to the hedging risk shall be recorded into the current profit and loss, and the book value of the hedged item shall be adjusted at the same time.

In the case of fair value hedges related to financial instruments measured at amortized cost, adjustments made to the carrying value of the hedged item are amortized during the remaining period between the adjustment date and the maturity date and recorded in the current profit and loss. Amortization under the effective interest rate method may commence immediately after the book value adjustment and no later than the adjustment of the hedged item for changes in fair value arising from the hedging risk after the termination of the hedged item.

If the hedged item is terminated, the unamortized fair value is recognized as the current profit and loss.

The hedged item is a firm commitment that has not yet been recognized, the accumulated change in fair value of the firm commitment due to the hedged risk is recognized as an asset or liability, and the related gain or loss is recorded into the current profit and loss. Changes in the fair value of hedging instruments are also included in current profits and losses.

- (2) Cash flow hedging

The part of the profit or loss of the hedging instrument that belongs to the effective hedging is directly recognized as other comprehensive income, and the part that belongs to the ineffective hedging is included in the current profits and losses.

If the hedged transaction affects the current profits and losses, for example, when the hedged financial income or financial expenses are recognized or the expected sales occur, the amount recognized in other comprehensive income shall be transferred to the current profits and losses. If the hedged item is the cost of a non-financial asset or non-financial liability, the amount originally recognized in other comprehensive income is transferred out and included in the initially recognized amount of the non-financial asset or non-financial liability (Or if it was originally recognized in other comprehensive income, it shall be transferred out during the same period when the non-financial assets or non-financial liabilities affect the profits and losses, and shall be included in the current profits and losses).

If the expected transaction or firm commitment is not expected to occur, the accumulated gains or losses previously included in other comprehensive income are transferred out and included in the current profits and losses. If the hedging instrument has expired, been sold, the contract has been terminated or exercised (but not replaced or extended), or the designation of the hedging relationship has been cancelled, the amount previously included in other comprehensive income shall not be transferred out until the expected transaction or firm commitment affects the current profits and losses. (3) Hedging of net investment in overseas operation

- (3) Operating net investment hedging abroad

A hedge of a net investment in a foreign operation includes a hedge of a monetary item that is a portion of the net investment, and the treatment is similar to a cash flow hedge. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is included in other comprehensive income, while the portion of the ineffective hedge is recognized in profit or loss for the period. When an overseas operation is disposed of, any accumulated gain or loss included in other comprehensive income is transferred out and included in the current profit or loss.

3.36 Debt restructuring

3.36.1 The Company as a creditor

The company shall terminate the recognition of the creditor's rights when its contractual right to collect the cash flow of the creditor's rights terminates. Where debt restructuring is carried out in the form of paying off debts with assets or converting debts into equity instruments, the Company shall recognize the relevant assets when they meet its definition and recognition conditions.

Where debt restructuring is carried out in the form of asset repayment of debt, the company shall measure the transferred non-financial assets at cost when initially recognizing them. The cost of inventory includes the fair value of the abandonment of the creditor's right and the taxes, transportation costs, handling costs, insurance costs and other costs directly attributable to the asset incurred in bringing the asset to its current position and state. The cost of investment in a joint venture or joint venture includes the fair value of the abandoned creditor's rights and other costs directly attributable to the asset such as taxes. The cost of investment real estate includes the fair value of the abandoned creditor's rights and other costs directly attributable to the asset such as taxes. The cost of a fixed asset includes taxes, transportation costs, handling costs, installation costs, professional service fees and other costs directly attributable to the asset before the fair value of the creditor's right is abandoned and the asset is made available for use. The cost of a biological asset includes the fair value of the abandoned claim and other costs directly attributable to the asset such as taxes, transportation costs and insurance premiums. The cost of intangible assets includes the fair value of the abandoned creditor's rights and other costs that can be directly attributed to the achievement of the intended use of the assets. If the debt restructuring in the form of converting debt into equity instruments results in the creditor converting the creditor's right into equity investment in the joint venture or joint venture, the company shall measure the initial investment cost according to the fair value of the abandoned creditor's right and taxes and other costs directly attributable to the asset. The difference between the fair value of the abandoned creditor's rights and the carrying value is recorded in the current profit and loss.

If the debt restructuring is carried out by modifying other terms, the Company shall recognize and measure the restructured creditor's rights in accordance with "3.11 Financial Instruments" in this note.

Where debt restructuring is carried out by means of multiple assets to pay off debts or combination, the Company shall first recognize and measure the transferred financial assets and restructured creditor's rights in accordance with "3.11 Financial Instruments" in this note, and then according to the proportion of fair value of all assets other than the transferred financial assets, The net value of the fair value of the abandoned creditor's rights after deducting the recognized amount of the transferred financial assets and the restructured creditor's rights shall be distributed, and on this basis the cost of each asset shall be determined according to the aforementioned method. The difference between the fair value and the carrying amount of the abandoned creditor's right shall be included in the current profit and loss.

3.36.2 The Company as a creditor

The Company derecognizes a debt when the present obligation of the debt is discharged. In case of debt restructuring in the form of liquidation of debts by assets, the Company shall terminate the recognition when the relevant assets and the liquidated debts meet the conditions for termination of recognition, and the difference between the book value of the liquidated debts and the book value of the transferred assets shall be included in the current profits and losses.

In case of debt restructuring by converting debts into equity instruments, the Company shall terminate the recognition when the debts paid off meet the conditions for derecognition. When the Company initially recognizes the equity instrument, it shall be measured according to the fair value of the equity instrument. If the fair value of the equity instrument cannot be measured reliably, it shall be measured according to the fair value of the liquidated debt. The difference between the book value of the extinguished debt and the recognized amount of the equity instrument, It shall be included in the current profits and losses. In case of debt restructuring by modifying other terms, the Company shall recognize and measure the restructured debt in accordance with "3.11 Financial Instruments" in this Note.

In case of debt restructuring by means of paying off debts with multiple assets or by means of combination, the Company shall recognize and measure the equity instruments and restructured debts in accordance with the aforementioned methods, and the difference between the book value of the debts paid off and the sum of the book value of the transferred assets and the recognized amount of the equity instruments and restructured debts

shall be included in the current profits and losses.

3.37 Segment report

The Company determines the operating segments based on the internal organizational structure, management requirements and internal reporting system, and determines the reporting segments based on the operating segments and discloses the segment information.

An operating segment is a component of the Company that simultaneously meets the following conditions: (1) the component is able to generate revenue and incur expenses in its daily activities; (2) the management of the Company is able to regularly evaluate the operating results of the component to determine the allocation of resources to it and evaluate its performance; (3) The Company is able to obtain the financial position, operating results, cash flow and other relevant accounting information of the component. If two or more operating segments have similar economic characteristics and meet certain conditions, they can be combined into one operating segment.

3.38 Safety production fee

The safety production fee drawn by the Company in accordance with the national regulations shall be included in the cost of relevant products or the current profit and loss, and shall be recorded in the "special reserve" account. When the safety production fee extracted is used, it belongs to the expense expenditure, and the special reserve is directly offset. If fixed assets are formed, the expenditures incurred are collected through the "construction in progress" account, and are recognized as fixed assets when the safety project is completed and reaches the expected usable state. The special reserve is offset according to the cost of forming fixed assets, and the accumulated depreciation of the same amount is recognized. The fixed asset will not be depreciated in subsequent periods.

3.39 Notes to changes in important accounting policies and accounting estimates, as well as correction of errors and other adjustments

3.39.1 Changes in significant accounting policies

Implement the "Interpretation of Accounting Standards for Business Enterprises No. 16" "on the deferred income tax related to assets and liabilities arising from a single transaction is not applicable to the accounting treatment of initial recognition exemption".

On November 30, 2022, the Ministry of Finance issued the Interpretation of Accounting Standards for Business Enterprises No. 16 (Accounting and Accounting (2022) No. 31, hereinafter referred to as the "Interpretation No. 16"), among which the provisions that "the accounting treatment of deferred income tax related to assets and liabilities arising from a single transaction is not applicable to the initial recognition exemption" will come into effect on January 1, 2023.

Interpretation of Provision No. 16, For a single transaction that is not an enterprise merger, does not affect either accounting profit or taxable income (or deductible loss) at the time of the transaction, and the assets and liabilities initially recognized result in taxable temporary differences and deductible temporary differences of the same amount (including the lease transaction where the lessee initially recognizes the lease liability on the commencement date of the lease term and includes it into the use-right asset), And single transactions such as those in which expected liabilities are recognized and included in the cost of related assets due to the abandonment obligation of fixed assets) are not exempted from the provisions of initial recognition of deferred income tax liabilities and deferred income tax assets. Enterprises shall, at the time of transaction, comply with the Accounting Standards for Business Enterprises No. 18 - Income Tax and other relevant provisions. Recognize the corresponding deferred income tax liabilities and deferred income tax assets respectively.

For the single transaction applicable to the provision occurring between the beginning of the earliest period of the presentation of the financial statements in which the provision is first implemented and the implementation date, as well as the lease liabilities and use-right assets recognized as a result of the single transaction applicable to the provision at the beginning of the earliest period of the presentation of the financial statements, as well as the provisions related to the recognized abandonment obligations and the corresponding related assets, In case of taxable temporary differences and deductible temporary differences, the enterprise shall make adjustments in accordance with the provisions.

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The Company will implement this regulation on January 1, 2023. The impact on the amount of the statement is detailed in note "3.39.5".

3.39.2 Changes in significant accounting estimates

There has been no change in the company's major accounting estimates during the reporting period.

3.39.3 Correction of prior accounting errors

The Company has no significant correction of accounting errors in the previous period occurred during the reporting period.

3.39.4 Adjustment of business combination under the same control

Dongfang Electric Jieneng Technology Chengdu Co., Ltd. (Hereinafter referred to as "Dongfang Jieneng") was originally a subsidiary of Dongfang Electric Corporation, and Dongfang Electric Corporation Research Institute of Science and Technology Co., Ltd. (Hereinafter referred to as "Dongfang Research Institute") is a subsidiary of the Company. In December 2023, according to the Equity Transfer Agreement of Dongfang Electric Jieneng Technology Chengdu Co., Ltd. Dongfang Electric Corporation transferred its 100% equity of Dongfang Jieneng to Dongfang Research Institute at a price of 9.41 million RMB, forming a merger of enterprises under the same control. When preparing the comparative consolidated financial statements, the Company has made retrospective adjustments to the relevant items in the financial statements of the previous year. For details of the impact on the amounts in the statements, please refer to Note 3.39.5.

3.39.5 The impact of the above adjustments on the amount at the beginning of the year and the amount at the end of the previous period is as follows:

Item of report	Amount at the end of previous period	Amount at the beginning of current period	Adjust the number of impacts		
	(Prior period fund before adjustment))	(Amount of the previous period after adjustment)	Totally	Under the same control	Changes in accounting policies
Total assets	115,265,060,467.39	115,344,350,441.40	79,289,974.01	14,619,098.33	64,670,875.68
Total liabilities	76,640,188,940.23	76,708,775,713.68	68,586,773.45	4,556,852.48	64,029,920.97
Total owner's equity attributable to the company	34,981,476,376.39	34,992,066,981.24	10,590,604.85	10,062,245.85	528,359.00
Including: paid-in capital	3,118,807,797.00	3,118,807,797.00			
Other equity instruments					
Capital reserves	11,644,956,621.11	11,650,956,621.11	6,000,000.00	6,000,000.00	
Other comprehensive income	262,952.31	262,952.31			
Special purpose reserve	129,425,897.03	129,425,897.03			
Surplus reserves	1,201,503,540.86	1,201,503,540.86			
General risk provision					
Undistributed profit	18,999,069,789.89	19,003,660,394.74	4,590,604.85	4,062,245.85	528,359.00
Other					
Minority shareholders' equity	3,643,395,150.77	3,643,507,746.48	112,595.71		112,595.71
Total operating income	55,353,140,128.96	55,363,782,450.06	10,642,321.10	10,642,321.10	
Total profit for the year	3,324,973,169.11	3,327,359,675.84	2,386,506.73	2,386,506.73	

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Item of report	Amount at the end of previous period	Amount at the beginning of current period	Adjust the number of impacts		
	(Prior period fund before adjustment)	(Amount of the previous period after adjustment)	Totally	Under the same control	Changes in accounting policies
Net profit attributable to owners of the parent	2,854,650,575.05	2,857,898,505.21	3,247,930.16	2,304,998.41	942,931.75
Profit and loss of minority shareholders	155,705,952.87	155,840,554.63	134,601.76		134,601.76

4 Taxation

4.1 Major tax types and tax rates

Types of taxes	Basis of tax	Applicable tax rate	Remarks
Value added tax	The output tax shall be calculated on the basis of the income from sales of goods and taxable services calculated in accordance with the provisions of the tax law. After deducting the input tax allowed to be deducted in the current period, the difference shall be VAT payable	3%、5%、6%、9%、11%、13%、18%	GST of Dongfang Electric (India) Limited (hereinafter referred to as Dongfang India) is 18%.
City maintenance and construction tax	According to the actual payment of value-added tax and consumption tax	5%、7%	
Property tax	Tax is based on 70% of the original value of the property (or rental income)	1.2%、12%	

Explanation of income tax rates of different taxpayers:

Name of taxpayer	Income tax rate (%)
Dongfang Electric Co., LTD. (the Company)	15.00
Dongfang Electric Corporation Dongfang Boiler Co.,LTD. (hereinafter referred to as Dongfang Boiler)	15.00
Dongfang Kaiterui (Chengdu) Environmental Technology Co., LTD. (hereinafter referred to as Dongfang Kaiterui)	15.00
Dongfang Electric (Chengdu) Hydrogen Technology Co., LTD. (hereinafter referred to as Dongfang Hydrogen energy)	15.00
Dongfang Turbine CO.,LTD. (hereinafter referred to as Dongfang Turbine)	15.00
Dongfang Electric Machinery Co., LTD. (hereinafter referred to as Dongfang Electric Machinery)	15.00
Dongfang Electric (Deyang) Motor Technology Co., Ltd. (hereinafter referred to as Dongfang Electric Motor)	15.00
Dongfang Electric Wind Power Co., LTD. (hereinafter referred to as Dongfang Wind Power)	15.00
Dongfang Electric Wind Power (Liangshan) Co., LTD. (" Dongfang Liangshan Wind Power ")	15.00
Tianjin Dongqi Wind Turbine Blade Engineering Co., LTD. (hereinafter referred to as Dongfang Tianjin Blade)	15.00
Dongfang Three Gorges (Jiangsu) Smart Energy Co., LTD. (hereinafter referred to as Dongfang Jiangsu Huineng)	20.00
Mulei East New Energy Co., LTD. (hereinafter referred to as Mulei Dongxin New Energy)	20.00
Hainan Yangpu Offshore Wind Power Industry Development Co. LTD	20.00
Yumen Dongyu New Energy Co., LTD. (hereinafter referred to as Yumen Dongyu New Energy)	20.00
Dongfang (Guangzhou) Heavy Machinery Co., LTD. (hereinafter referred to as Dongfang Heavy Machinery)	15.00

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Name of taxpayer	Income tax rate (%)
Dongfang Electric Autocontrol Engineering Co.,Ltd (hereinafter referred to as Automatic Control)	15.00
Dongfang Electric advenegy (Shenzhen) Technology Co., LTD. (hereinafter referred to as Dongfang Qineng)	15.00
Dongfang Hitachi (Chengdu) Electronic Control Equipment Co., LTD. (hereinafter referred to as Dongfang Hitachi)	15.00
Dongfang Electric Zhongneng Industrial Control Network Security Technology (Chengdu) Co., LTD. (hereinafter referred to as Dongfang Zhongneng)	20.00
DEC Project Cargo Logistics Co.,LTD.(hereinafter referred to as DEC Project Cargo Logistics)	15.00
Dongfang Electric (Chengdu) Engineering Design Consulting Co., LTD. (hereinafter referred to as Dongfang Design)	15.00
Dongfang Electric (Wuhan) Nuclear Equipment Co., LTD. (hereinafter referred to as Dongfang Wuhan Nuclear Core)	15.00
Dongfang Electric Corporation Research Institute of Science and Technology Co., LTD. (hereinafter referred to as Dongfang Research Institute)	15.00
PT.Dongfang Electric Indonesia (hereinafter referred to as Dongfang Indonesia)	22.00
Nam Mang 1 Power Co., LTD. (Nam Mang River Company) (Note 1)	0.00
Other enterprises within the scope of merger of the company	25.00

According to the Franchise Operation Agreement signed by Nam Mang 1 Power Co., LTD and the Lao Government on January 9, 2013, the applicable corporate income tax rate of Nam Mang 1 Power Co., LTD is 0.00%

4.2 Tax incentives and exemptions

1. The Company

According to Article 1 of the Announcement on Extending the Enterprise Income Tax Policy for the Development of Western China (Announcement No. 23, 2020 of the Ministry of Finance and Taxation Administration of the People's Republic of China), from January 1, 2021 to December 31, 2030, enterprises in encouraged industries located in the western region will be levied corporate income tax at a reduced rate of 15%. The encouraged industrial enterprises mentioned in this Article refer to the enterprises whose main business is the industrial projects specified in the Catalogue of Encouraged Industries in Western China, and whose main business income accounts for more than 60% of the total income of the enterprise. The company meets the preferential conditions and implements the preferential tax rate of 15.00%.

2. Dongfang boiler

(1) Dongfang boiler

On December 12, 2023, the company obtained the high-tech enterprise certification, the certificate number is GR202351006033, and the validity period is 3 years. According to the preferential tax policies for high-tech enterprises in the Enterprise Income Tax Law of the People's Republic of China, the applicable enterprise income tax rate this year is 15.00%.

(2) Dongfang Kaiterui

According to Article 1 of the Announcement on Extending the Enterprise Income Tax Policy for the Development of Western China (Announcement No. 23, 2020 of the Ministry of Finance and Taxation Administration of the People's Republic of China), from January 1, 2021 to December 31, 2030, enterprises in encouraged industries located in the western region will be levied corporate income tax at a reduced rate of 15%. The encouraged industrial enterprises mentioned in this Article refer to the enterprises whose main business is the industrial projects specified in the Catalogue of Encouraged Industries in Western China, and whose main business income accounts for more than 60% of the total income of the enterprise. The company meets the preferential conditions and implements the preferential tax rate of 15.00%. The company has also obtained the high-tech enterprise certificate, and passed the latest high-tech enterprise certification in 2021. The certificate number is GR202151003790, valid for 3 years.

(3) Dongfang hydrogen energy

In November 2022, the company obtained the high-tech enterprise certificate, certificate No. : GR202251003756, with a period of 3 years. According to the preferential tax policies for high-tech enterprises in the Enterprise Income Tax Law of the People's Republic of China, the applicable enterprise income tax rate

this year is 15.00%.

3. Dongfang Turbine

Obtained the high-tech enterprise certification on October 9, 2021, with the certificate number of GR202151000898 and the validity period of 3 years. According to the preferential tax policies for high-tech enterprises stipulated in the Enterprise Income Tax Law of the People's Republic of China, the applicable enterprise income tax rate of this year is 15.00%.

4. Dongfang Electric Machinery

(1) Dongfang Electric Machinery

It obtained the high-tech enterprise certification on December 15, 2021, with the certificate number of GR202151003466 and the validity period of three years. According to the preferential tax policies for high-tech enterprises stipulated in the Enterprise Income Tax Law of the People's Republic of China, the applicable enterprise income tax rate of this year is 15.00%.

(2) Dongfang Electric Motor

On November 2, 2022, it obtained the high-tech enterprise certification with the certificate number of GR202251001070 and the validity period of 3 years. According to the preferential tax policies for high-tech enterprises stipulated in the Enterprise Income Tax Law of the People's Republic of China, the applicable enterprise income tax rate of this year is 15.00%.

5. Dongfang Wind Power

(1) Dongfang Wind Power and Dongfang Liangshan Wind Power

According to Article 1 of the Announcement on Extending the Enterprise Income Tax Policy for the Development of Western China (Announcement No. 23, 2020 of the Ministry of Finance and Taxation Administration of the People's Republic of China), from January 1, 2021 to December 31, 2030, enterprises in encouraged industries located in the western region will be levied corporate income tax at a reduced rate of 15%. The encouraged industrial enterprises mentioned in this Article refer to the enterprises whose main business is the industrial projects specified in the Catalogue of Encouraged Industries in Western China, and whose main business income accounts for more than 60% of the total income of the enterprise. The above companies meet the preferential conditions and implement the preferential tax rate of 15.00%.

(2) Dongfang Tianjin Blade

In December 2022, it obtained the high-tech enterprise certification, the certificate number is GR202212002710, and the validity period is 3 years. According to the preferential tax policies for high-tech enterprises in the Enterprise Income Tax Law of the People's Republic of China, the applicable enterprise income tax rate this year is 15.00%.

(3) Dongfang Jiangsu Huineng, Mulei Dongxin New Energy, Hainan Yangpu Offshore Wind Power Industry Development Co., LTD., Yumen Dongyu New Energy.

According to the Announcement of the State Administration of Taxation of the Ministry of Finance on Implementing Preferential Income Tax Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (Announcement No. 6, 2023 of the State Administration of Taxation) and the Announcement of the State Administration of Taxation on Implementing the Collection and Administration of Preferential Income Tax Policies for Small and Low-Profit Enterprises (Announcement No. 6, 2023 of the State Administration of Taxation), From January 1, 2023 to December 31, 2024, for small and low-profit enterprises whose annual taxable income does not exceed 1 million yuan, 25% will be reduced and included in the taxable income, and the enterprise income tax will be paid at the tax rate of 20%.

6. Dongfang Heavy Machinery

The high-tech enterprise certificate was obtained on December 19, 2022, with the certificate number of GR202244001244 and the validity period of 3 years. According to the preferential tax policies for high-tech enterprises stipulated in the Enterprise Income Tax Law of the People's Republic of China, the applicable enterprise income tax rate of this year is 15.00%.

7. Dongfang Automatic Control

(1) Dongfang Automatic Control

In October 2023, the Company obtained the high-tech enterprise certificate, with the certificate number of GR202351001111 and a term of three years. According to the preferential tax policies for high-tech enterprises in the Enterprise Income Tax Law of the People's Republic of China, the applicable enterprise income tax rate of this year is 15.00%.

(2) Dongfang Qineng

On December 23, 2021, it obtained the certification of high-tech enterprises with the certificate number of

GR202144201111 and the validity period of 3 years. According to the preferential tax policies for high-tech enterprises in the Enterprise Income Tax Law of the People's Republic of China, the applicable enterprise income tax rate of this year is 15.00%.

(3) Dongfang Hitachi

The high-tech enterprise certificate was obtained on December 15, 2021, with the certificate number of GR202151003373 and the validity period of three years. According to the preferential tax policies on high-tech enterprises in the Enterprise Income Tax Law of the People's Republic of China, the applicable enterprise income tax rate of this year is 15.00%.

(4) Dongfang Zhongneng

Announcement of the General Administration of Taxation of the Ministry of Finance on the Implementation of Preferential Income Tax Policies for Small and Micro Enterprises and Individual Business Households (Announcement No.6 of 2023 of the General Administration of Taxation of the Ministry of Finance) and Announcement of the State Administration of Taxation on the Implementation of Preferential Income Tax Policies for Small and Micro-profit Enterprises (Announcement No.6 of 2023 of the State Administration of Taxation). From January 1, 2023 to December 31, 2024, If the annual taxable income of a small low-profit enterprise does not exceed 1 million yuan, it shall be included in the taxable income at a reduced rate of 25%, and the enterprise income tax shall be paid at a rate of 20%.

8. DEC Project Cargo Logistics

According to Article 1 of the Announcement on Extending the Enterprise Income Tax Policy for the Development of Western China (Announcement No. 23, 2020 of the Ministry of Finance and Taxation Administration of the People's Republic of China), from January 1, 2021 to December 31, 2030, enterprises in encouraged industries located in the western region will be levied corporate income tax at a reduced rate of 15%. The encouraged industrial enterprises mentioned in this Article refer to the enterprises whose main business is the industrial projects specified in the Catalogue of Encouraged Industries in Western China, and whose main business income accounts for more than 60% of the total income of the enterprise. The company meets the preferential conditions and implements the preferential tax rate of 15.00%.

9. DongFang Design

On November 2, 2022, it was certified as a high-tech enterprise with the certificate number of GR202251002420 and the validity period of 3 years. According to the preferential tax policies for high-tech enterprises in the Enterprise Income Tax Law of the People's Republic of China, the applicable enterprise income tax rate of this year is 15.00%.

10. Dongfang Wuhan Nuclear Core

On December 14, 2022, it obtained the high-tech enterprise certification, with the certificate number of GR202242008075 and the validity period of 3 years. According to the preferential tax policies for high-tech enterprises stipulated in the Enterprise Income Tax Law of the People's Republic of China, the applicable enterprise income tax rate of this year is 15.00%.

11. Dongfang Research Institute

The high-tech enterprise certificate was obtained in October 2021, with the certificate number of GR202151000662 and a term of three years. According to the preferential tax policies on high-tech enterprises in the Enterprise Income Tax Law of the People's Republic of China, the applicable enterprise income tax rate of this year is 15.00%.

12. Dongfang Indonesia

According to the local tax Act of Indonesia, the tax rate for resident enterprises and permanent establishments is 22% in 2023, and the applicable corporate income tax rate for this year is 22%.

13. According to the Announcement on Additional VAT Deduction Policy for Advanced Manufacturing Enterprises Announced by the State Administration of Taxation of the Ministry of Finance (No. 43, 2023), from January 1, 2023 to December 31, 2027, some subsidiaries of the stock, as advanced manufacturing enterprises, will deductible 5% of the input tax of the current period to offset the VAT payable.

4.3 Other explanations

None.

5 Notes to items in the consolidated financial statements

5.1 Monetary

Items	As at December 31, 2023	As at December 31, 2022
Cash on hand	895,680.60	1,026,175.33
Bank deposits	15,910,534,179.14	14,023,780,608.21
Other monetary funds	1,217,821,010.19	1,022,057,939.12
Total	17,129,250,869.93	15,046,864,722.66
Including: total amount of funds deposited abroad	194,134,885.67	185,098,996.30
Deposited abroad with restrictions on repatriation of funds		

Other Notes:

Among the monetary funds at the end of the period, cash and cash equivalents not included in the statement of cash flows mainly include RMB 1,787.95 million deposited in reserve with the central bank, RMB 300 million of time deposits or notice deposits used for guarantee, RMB 804million of margin and RMB 69.71 million of unmatured interest receivable.

At the end of the period, there is no money pledged or frozen or deposited overseas with restrictions on repatriation, except for RMB 1,787.95 million deposited with the central bank, RMB 300 million of time deposit or notice deposit for guarantee and RMB 804million of margin.

5.2 Loans to banks and other financial institutions

Items	As at December 31, 2023	As at December 31, 2022
Lending to other banks		
Lending to non-bank financial institutions		30,000,000.00
Less: provision for loan loss		
Book value of lending fund		30,000,000.00

5.3 Trading financial assets

Items	As at December 31, 2023	As at December 31, 2022
Classification of financial assets measured at fair value and whose changes are recorded in current profits and losses	867,176,939.12	1,031,815,888.77
Including: debt instrument investment	362,006,800.00	244,867,410.00
Equity instrument investment	10,817,672.26	89,486,850.48
Other	494,352,466.86	697,461,628.29
Including: debt instrument investment		
Other		
Total	867,176,939.12	1,031,815,888.77

Description of trading financial assets:

1. "Other" items at the beginning of the period are all fund RMB 697,461,628.29.
2. At the end of the period, all the "other" items are all fund RMB 494,352,466.86.

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Trading financial assets are analyzed as follows:

Items	As at December 31, 2023	As at December 31, 2022
Listed financial assets		
China (excluding Hong Kong)	10,746,272.26	89,415,450.48
Sub-total	10,746,272.26	89,415,450.48
Unlisted financial assets	856,430,666.86	942,400,438.29
Total	867,176,939.12	1,031,815,888.77

Notes:

1. The Company holds 1,447,000.00 unrestricted domestic listed RMB ordinary shares (A shares) of China XD Electric Co., LTD, accounting for 0.0282% of the invested unit's share capital;
2. The Company holds 285,400.00 unrestricted domestic listed RMB ordinary shares (A shares) of Hubei Energy Corporation Co., Ltd., accounting for 0.0044% of the invested unit's share capital;
3. The Company holds 308,315.00 unrestricted domestic listed RMB ordinary shares (A shares) of Chongqing Gas Corporation Co., LTD., accounting for 0.0196% of the invested unit's share capital;
4. The Company holds 301,994.00 unrestricted domestic listed RMB ordinary shares (A shares) of Chongqing Iron and Steel Co. LTD, accounting for 0.0033% of the invested unit's share capital;

5.4 Notes receivable

5.4.1 Breakdown of the notes receivable

Category	As at December 31, 2023			As at December 31, 2022		
	Book balance	Provision for bad debts	Book value	Book balance	Provision for bad debts	Book value
Bank acceptance draft	769,689,648.10	1,027,605.22	768,662,042.88	790,797,137.65	1,647,775.20	789,149,362.45
Commercial acceptance bill	410,429,875.21	26,467,912.97	383,961,962.24	492,042,473.89	20,727,135.12	471,315,338.77
Total	1,180,119,523.31	27,495,518.19	1,152,624,005.12	1,282,839,611.54	22,374,910.32	1,260,464,701.22

5.4.2 Notes receivable endorsed or discounted but undue as at the end of the reporting period

Items	Derecognized amount as at December 31, 2023	Non-derecognized amount as at December 31, 2023
Bank acceptance bills	2,101,213,071.47	47,794,726.50
Commercial acceptance bills		37,887,257.35
Total	2,101,213,071.47	85,681,983.85

5.4.3 Bills transferred to accounts receivable by the company at the end of the period due to the drawer's failure to perform the contract

Items	Amount transferred to accounts receivable as at December 31, 2022
Bank acceptance bills	5,000,000.00
Commercial acceptance bills	

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Items	Amount transferred to accounts receivable as at December 31, 2022
Total	5,000,000.00

5.5 Accounts receivable

5.5.1 Aging of accounts receivable

Age of account	As at December 31, 2023	As at December 31, 2022
Within 1 year (including 1 year)	7,589,131,840.54	7,189,847,218.56
1-2 years (including 2 years)	2,748,735,765.12	2,504,840,735.35
2-3 years (including 3 years)	1,291,984,555.61	1,208,150,000.58
3-4 years (including 4 years)	811,849,095.90	762,150,071.93
4-5 years (including 5 years)	430,473,801.26	404,728,806.77
More than 5 years	2,069,177,565.93	2,704,602,440.71
Sub-total	14,941,352,624.36	14,774,319,273.90
Less: provision for bad debts	4,227,246,759.41	4,678,387,484.75
Total	10,714,105,864.95	10,095,931,789.15

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5.5.2 Disclosure of accounts receivable by method of provision for bad debts

Category	As at December 31, 2023					As at December 31, 2022				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Provision for bad debts on an individual basis	1,809,716,548.76	12.11	1,673,130,449.44	92.45	136,586,099.32	2,238,305,646.15	15.15	2,060,205,049.37	92.04	178,100,596.78
Provision for bad debts on portfolio basis of credit risk characteristics	13,131,636,075.60	87.89	2,554,116,309.97	19.45	10,577,519,765.63	12,536,013,627.75	84.85	2,618,182,435.38	20.89	9,917,831,192.37
Including: Aging analysis combination	13,131,636,075.60	87.89	2,554,116,309.97	19.45	10,577,519,765.63	12,536,013,627.75	84.85	2,618,182,435.38	20.89	9,917,831,192.37
Total	14,941,352,624.36	100.00	4,227,246,759.41		10,714,105,864.95	14,774,319,273.90	100.00	4,678,387,484.75		10,095,931,789.15

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Important accounts receivable with an individual provision for doubtful accounts:

Name of the	Balance at end of the period			
	Balance of book value	Provision for bad debts	Withdrawal ratio (%)	Basis of withdrawal
Entity 1	241,923,123.05	241,923,123.05	100.00	It has entered bankruptcy liquidation procedures
Entity 2	213,994,892.00	192,595,402.80	90.00	Cannot recover on time due to financial constraints or quality problems
Entity 3	207,107,394.98	207,107,394.98	100.00	It has entered bankruptcy liquidation procedures
Entity 4	89,397,696.88	89,397,696.88	100.00	Cannot recover on time due to financial constraints or quality problems
Entity 5	73,350,230.21	66,015,207.19	90.00	It has entered bankruptcy liquidation procedures
Entity 6	72,745,660.29	72,745,660.29	100.00	Cannot recover on time due to financial constraints or quality problems
Entity 7	72,172,824.20	64,955,541.78	90.00	Cannot recover on time due to financial constraints or quality problems
Entity 8	65,896,977.68	59,307,279.91	90.00	Cannot recover on time due to financial constraints or quality problems
Entity 9	60,142,350.25	54,128,115.23	90.00	It has entered bankruptcy liquidation procedures
Entity 10	57,445,200.00	16,056,120.00	27.95	Cannot recover on time due to financial constraints or quality problems
Entity 11	52,063,460.00	52,063,460.00	100.00	Cannot recover on time due to financial constraints or quality problems
Entity 12	47,696,690.22	47,696,690.22	100.00	Cannot recover on time due to financial constraints or quality problems
Entity 13	39,357,487.01	35,421,738.31	90.00	Cannot recover on time due to financial constraints or quality problems
Entity 14	36,141,869.32	17,903,899.02	49.54	Cannot recover on time due to financial constraints or quality problems
Entity 15	35,600,926.18	35,600,926.18	100.00	Cannot recover on time due to financial constraints or quality problems
Entity 16	34,626,395.53	31,163,755.98	90.00	Cannot recover on time due to financial constraints or quality problems
Entity 17	29,555,699.44	26,600,129.50	90.00	Cannot recover on time due to financial constraints or quality problems
Entity 18	27,632,480.00	24,869,232.00	90.00	Cannot recover on time due to financial constraints or quality problems
Entity 19	25,592,879.77	23,033,591.79	90.00	Cannot recover on time due to financial constraints or quality problems
Entity 20	20,075,460.00	20,075,460.00	100.00	Cannot recover on time due to financial constraints or quality problems

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Name of the	Balance at end of the period			
	Balance of book value	Provision for bad debts	Withdrawal ratio (%)	Basis of withdrawal
Entity 21	19,757,743.60	17,781,969.24	90.00	Cannot recover on time due to financial constraints or quality problems
Entity 22	19,609,422.65	17,648,480.39	90.00	Cannot recover on time due to financial constraints or quality problems
Entity 23	18,250,000.00	18,250,000.00	100.00	Cannot recover on time due to financial constraints or quality problems
Entity 24	17,319,029.55	17,319,029.55	100.00	Cannot recover on time due to financial constraints or quality problems
Entity 25	15,292,000.00	13,762,800.00	90.00	Cannot recover on time due to financial constraints or quality problems
Entity 26	14,921,179.89	14,921,179.89	100.00	Cannot recover on time due to financial constraints or quality problems
Entity 27	14,912,000.00	13,420,800.00	90.00	Cannot recover on time due to financial constraints or quality problems
Entity 28	13,720,000.00	12,348,000.00	90.00	Cannot recover on time due to financial constraints or quality problems
Entity 29	13,272,413.79	13,272,413.79	100.00	Cannot recover on time due to financial constraints or quality problems
Entity 30	12,965,205.13	11,668,684.62	90.00	Cannot recover on time due to financial constraints or quality problems
Entity 31	11,463,428.06	11,463,428.06	100.00	Cannot recover on time due to financial constraints or quality problems
Others	135,714,429.08	132,613,238.79	97.71	Cannot recover on time due to financial constraints or quality problems
Total	1,809,716,548.76	1,673,130,449.44		

Provision for bad debt by combination of credit risk characteristics:
Aging analysis combination:

Age of account	As at December 31, 2023		
	Accounts receivable	Provision for bad debts	Proportion of provision (%)
Within 1 year (including 1 year)	7,302,691,006.66	365,078,860.38	5.00
1-2 years (including 2 years)	2,364,038,657.03	236,403,866.05	10.00
2-3 years (including 3 years)	1,164,031,561.01	232,806,312.19	20.00
3-4 years (including 4 years)	663,990,644.08	265,596,257.56	40.00
4-5 years (including 5 years)	365,306,386.44	182,653,193.41	50.00
More than 5 years	1,271,577,820.38	1,271,577,820.38	100.00
Total	13,131,636,075.60	2,554,116,309.97	

5.5.3 Provision, reversal or recovery of provision for bad debts in 2023

Provision for bad debts	Phase 1	Phase 2	Phase 3	Total
	Expected credit losses over the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment incurred)	
Balance as at December 31,2022	2,618,182,435.38		2,060,205,049.37	4,678,387,484.75
In 2022, balance as at December 31,2023				
-Transfer to Phase 2				
-Transfer to Phase 3	-14,777,073.62		14,777,073.62	
-Reversal from Phase 2				
-Reversal from Phase 1				
Provision in 2023	-46,533,165.10		42,556,766.25	-3,976,398.85
Reversal in 2023			354,021,398.20	354,021,398.20
Write-off in 2023				
Charge-off in 2023			90,387,041.60	90,387,041.60
Other changes	-2,755,886.69			-2,755,886.69
Balance as at December 31,2023	2,554,116,309.97		1,673,130,449.44	4,227,246,759.41

Reversal or recovery of significant amount of provision for bad debts in 2023 is listed as follows:

Name of company	Recover or reverse the amount	Determine the basis and reasonableness of the original bad debt provision	To turn back or take back the cause	Method of recovery
Entity 1	72,538,626.71	Cannot recover on time due to financial constraints or quality problems	The owner's financial situation improves or the project situation improves	Turn back
Entity 2	69,506,936.20	Customers go bankrupt	Distribution of bankruptcy	Turn back
Entity 3	41,758,343.08	Cannot recover on time due to financial constraints or quality problems	The owner's financial situation improves or the project situation improves	Turn back
Entity 4	30,225,252.56	Cannot recover on time due to financial constraints or quality problems	The owner's financial situation improves or the project situation improves	Turn back
Entity 5	29,629,526.69	Cannot recover on time due to financial constraints or quality problems	The owner's financial situation improves or the project situation improves	Turn back
Entity 6	21,565,285.36	Cannot recover on time due to financial constraints or quality problems	The owner's financial situation improves or the project situation improves	Turn back
Entity 7	20,670,822.00	Cannot recover on time due to financial constraints or quality problems	The owner's financial situation improves or the project situation improves	Turn back
Entity 8	14,373,900.00	Cannot recover on time due to financial constraints or quality problems	The owner's financial situation improves or the project situation improves	Turn back
Others	53,752,705.60	Cannot recover on time due to financial constraints or quality problems	The owner's financial situation improves or the project situation improves	Turn back
Total	354,021,398.20			

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5.5.4 Accounts receivable actually written off in 2023

Items	Amount of write-offs
Accounts receivable actually been written off	90,387,041.60

Significant write-offs of accounts receivable in 2023 is listed as follows:

Name of company	Nature of accounts receivable	Amount of write-offs	Reason for write off	The implementation of the write-off procedure	Whether it is due to related party transactions
Zhonghe hai dan Engineering Co., LTD	Payment for goods	57,661,697.26	Closure of insolvency proceedings	Approval by the Board of Directors of the Subsidiary	Yes
DFPS India	Payment for goods	15,473,103.63	Offshore money that is overdue for more than 3 years and is expected to be unrecoverable	Approval by the Board of Directors of the Subsidiary	No
Sichuan Oriental Industrial Development Co., Ltd. (Sichuan Dongshi Electric Co., Ltd.)	Payment for goods	6,251,511.02	In case of litigation, relevant legal documents issued by the court have been obtained	Approval by the Board of Directors of the Subsidiary	No
Zhejiang Xizi combined equipment complete set Co., LTD	Payment for goods	3,800,000.00	In case of litigation, relevant legal documents issued by the court have been obtained	Approval by the Board of Directors of the Subsidiary	No
Ningxia Baota Energy Chemical Co., LTD	Payment for goods	2,000,000.00	In case of litigation, relevant legal documents issued by the court have been obtained	Approval by the Board of Directors of the Subsidiary	No
Gansu Baoguang Zhaowei new energy Technology Co., LTD	Payment for goods	1,360,000.00	In case of litigation, relevant legal documents issued by the court have been obtained	Approval by the Board of Directors of the Subsidiary	No
Baota Shenghua Trading Corporation Co., LTD	Payment for goods	1,200,000.00	In case of litigation, relevant legal documents issued by the court have been obtained	Approval by the Board of Directors of the Subsidiary	No
Others	Payment for goods	2,640,729.69	In case of litigation, relevant legal documents issued by the court have been obtained	Approval by the Board of Directors of the Subsidiary	No
Total		90,387,041.60			

5.5.5 Top five accounts receivable of ending balance collected by debtor

Name of company	Ending balance of accounts receivable	Ending balance of contract assets	Ending balance of accounts receivable and contract assets	Percentage of the total balance of accounts receivable and contract assets at the end of the period (%)	Ending balance of allowance for doubtful accounts receivable and allowance for impairment of contract assets
Entity 1	500,535,741.07		500,535,741.07	1.80	25,521,727.05

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Name of company	Ending balance of accounts receivable	Ending balance of contract assets	Ending balance of accounts receivable and contract assets	Percentage of the total balance of accounts receivable and contract assets at the end of the period (%)	Ending balance of allowance for doubtful accounts receivable and allowance for impairment of contract assets
Entity 2	289,064,095.91	16,995,066.69	306,059,162.60	1.10	15,872,026.38
Entity 3		292,500,000.00	292,500,000.00	1.05	17,671,875.00
Entity 4	225,341,767.04	50,325,600.00	275,667,367.04	0.99	64,126,854.44
Entity 5	64,335,688.36	211,251,000.00	275,586,688.36	0.99	55,117,337.67
Total	1,079,277,292.38	571,071,666.69	1,650,348,959.07	5.94	178,309,820.54

5.6 Receivables financing

5.6.1 Breakdown of receivables financing

Items	As at December 31, 2023	As at December 31, 2022
Notes receivable	1,997,629,532.50	1,553,557,305.66
Accounts receivable		
Total	1,997,629,532.50	1,553,557,305.66

5.7 Advances to suppliers

5.7.1 Prepayments are listed according to aging

Age of account	As at December 31, 2023		As at December 31, 2022	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	6,325,939,077.29	79.88	4,700,720,348.82	85.69
1 to 2 years	1,246,972,073.27	15.75	480,940,333.65	8.77
2 to 3 years	194,677,748.88	2.46	131,841,011.17	2.40
Over 3 years	151,448,567.89	1.91	172,253,436.28	3.14
Total	7,919,037,467.33	100.00	5,485,755,129.92	100.00

5.7.2 Top 5 of advances to suppliers as at December 31, 2022, presented by supplier

Object of advance payment	Ending balance	Percentage of total closing balance of prepayments (%)
Entity 1	1,080,708,143.67	13.65
Entity 2	758,340,037.39	9.58
Entity 3	452,198,160.90	5.71
Entity 4	273,881,051.47	3.46
Entity 5	236,449,107.02	2.99
Total	2,801,576,500.45	35.38

5.8 Other receivables

Items	As at December 31, 2023	As at December 31, 2022
Interest receivable		44,123,162.89
Dividends receivable	19,354,034.21	24,482,648.69
Other receivables	392,713,011.90	439,802,495.56
Total	412,067,046.11	508,408,307.14

5.8.1 Interest receivable

(1) Classification of interest receivable

Items	As at December 31, 2023	As at December 31, 2022
Time deposits		6,713,897.91
Investment in bonds		19,067,401.96
Others		18,341,863.02
Total		44,123,162.89

5.8.2 Dividends receivable

(1) Details of dividends receivable

Items (or investees)	As at December 31, 2023	As at December 31, 2022
Within a year	980,000.00	12,254,555.63
More than a year	25,662,973.25	19,517,032.10
Sub-total	26,642,973.25	31,771,587.73
Less: provision for bad debts	7,288,939.04	7,288,939.04
Total	19,354,034.21	24,482,648.69

(2) Significant dividends receivable with aging over one year

Items (or investees)	As at December 31, 2023	Bad debt reserve	Age of account	Reason for non-recovery	Whether impairment occurs and the basis for its judgment
Huadian Longkou Wind power Co., LTD	8,287,607.31		1-2 years	The investee enterprises are strapped for cash	No, it will be paid after receiving state subsidies
Inner Mongolia energy power generation red Nijing wind power Co., LTD	10,086,426.90		1-3 years and more	The investee enterprises are strapped for cash	No, it will be paid after receiving state subsidies
Inner Mongolia Mengneng Wulan New energy Co., LTD	3,828,807.76	3,828,807.76	More than 3 years	The investee enterprises are strapped for cash	Yes, it is expected to be difficult to recycle

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Items (or investees)	As at December 31, 2023	Bad debt reserve	Age of account	Reason for non-recovery	Whether impairment occurs and the basis for its judgment
Inner Mongolia ancient Mengneng Sanshengtai wind power Co., LTD	3,460,131.28	3,460,131.28	More than 3 years	The investee enterprises are strapped for cash	Yes, it is expected to be difficult to recycle
Total	25,662,973.25	7,288,939.04			

(3) Provision for bad debts

Provision for bad debts	Phase 1	Phase 2	Phase 3	Total
	Expected credit losses over the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment incurred)	
Balance as at December 31,2022			7,288,939.04	7,288,939.04
In 2022, balance as at December 31,2023				
-Transfer to Phase 2				
-Transfer to Phase 3				
-Reversal from Phase 2				
-Reversal from Phase 1				
Provision in 2023				
Reversal in 2023				
Write-off in 2023				
Charge-off in 2023				
Other changes				
Balance as at December 31,2023			7,288,939.04	7,288,939.04

5.8.3 Other receivables

(1) Disclosure by account age

Age of account	As at December 31, 2023	As at December 31, 2022
Within 1 year	274,585,074.58	395,346,766.42
1 to 2 years	96,899,124.18	70,726,322.83
2 to 3 years	61,121,662.65	7,838,073.32
3 to 4 years	5,179,818.15	20,618,544.05
4 to 5 years	14,919,960.97	5,128,437.80
Over 5 years	242,053,270.93	239,371,031.04
Sub-total	694,758,911.46	739,029,175.46
Less: Provision for bad debts	302,045,899.56	299,226,679.90

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Age of account	As at December 31, 2023	As at December 31, 2022
Total	392,713,011.90	439,802,495.56

(2) Classification by nature of funds

Nature of money	As at December 31, 2023	As at December 31, 2022
Security deposit and quality guarantee	173,839,739.68	151,979,781.82
Cash for use	64,213,811.36	113,285,560.57
Payment in advance	12,628,216.85	35,646,520.72
Other operating business receivables	93,603,638.36	43,099,063.88
Others	48,427,605.65	95,791,568.57
Total	392,713,011.90	439,802,495.56

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(3) Disclosure by method of provision for bad debts

Category	As at December 31, 2023					As at December 31, 2022				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Provision for bad debts on an individual basis	204,164,078.14	29.39	182,238,617.22	89.26	21,925,460.92	203,465,091.88	27.53	179,637,206.94	88.29	23,827,884.94
Provision for bad debts on portfolio basis of credit risk characteristics	490,594,833.32	70.61	119,807,282.34	24.42	370,787,550.98	535,564,083.58	72.47	119,589,472.96	22.33	415,974,610.62
Including: Aging analysis combination	490,594,833.32	70.53	119,807,282.34	24.45	370,787,550.98	535,564,083.58	72.47	119,589,472.96	22.33	415,974,610.62
Total	694,758,911.46	100.00	302,045,899.56		392,713,011.90	739,029,175.46	100.00	299,226,679.90		439,802,495.56

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Significant other receivables for which bad debt provision is made on an individual basis:

Name of company	As at December 31, 2023			
	Book balance	Provision for bad debts	Proportion of provision (%)	Basis of withdrawal
Entity 1	146,064,314.06	146,064,314.06	100.00	It has entered bankruptcy liquidation procedures
Entity 2	21,755,000.00	21,755,000.00	100.00	Stage of litigation
Entity 3	12,327,367.50			Performance bond paid to the government
Others	24,017,396.58	14,419,303.16	60.04	It is expected to be difficult to recover
Total	204,164,078.14	182,238,617.22		

Provision for bad debts on portfolio basis of credit risk characteristics:
Aging analysis combination

Age of account	As at December 31, 2023		
	Other receivables	Provision for bad debts	Proportion of provision (%)
Within 1 year	274,897,006.56	13,715,707.08	5.00
1 to 2 years	86,718,824.18	8,671,882.41	10.00
2 to 3 years	26,239,298.01	5,247,859.64	20.00
3 to 4 years	5,179,818.15	2,071,927.27	40.00
4 to 5 years	14,919,960.97	7,459,980.49	50.00
Over 5 years	82,639,925.45	82,639,925.45	100.00
Total	490,594,833.32	119,807,282.34	

(4) Provision for bad debts:

Provision for bad debts	Phase 1	Phase 2	Phase 3	Total
	Expected credit losses over the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment incurred)	
Balance as at December 31, 2022	119,589,472.96		179,637,206.94	299,226,679.90
In 2022, balance as at December 31, 2023				
-Transfer to Phase 2				
-Transfer to Phase 3	-4,231,287.61		4,231,287.61	
-Reversal from Phase 2				
-Reversal from Phase 1				
Provision in 2023	6,364,193.87		-1,316,497.25	5,047,696.62
Reversal in 2023				
Write-off in 2023				
Charge-off in 2023	1,915,096.88		313,380.08	2,228,476.96
Other changes				
Balance as at December 31, 2023	119,807,282.34		182,238,617.22	302,045,899.56

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(5) Other receivables actually written off in 2023

Items	Amount of write-offs
Other receivables actually written off	2,228,476.96

(6) Other receivables in the top five of the ending balance collected by the debtor

Name of company	Nature of money	Ending balance	Age of account	Percentage of total closing balance of other receivables (%)	Ending balance of allowance for doubtful accounts
Entity 1	Investment section	146,064,314.06	More than 5 years	21.02	146,064,314.06
Entity 2	Other	21,755,000.00	2-3 years	3.13	21,755,000.00
Entity 3	Security deposit	20,000,000.00	1-2 years	2.88	2,000,000.00
Entity 4	Other	19,500,000.00	More than 5 years	2.81	19,500,000.00
Entity 5	Security deposit and quality guarantee	19,436,495.00	1-5 years	2.80	1,275,836.40
Total		226,755,809.06		32.64	190,595,150.46

5.9 Purchase and resale of financial assets

Items	As at December 31, 2023	As at December 31, 2022
Securities	2,959,861,095.88	1,390,000,000.00
Others		
Less: Provision for bad debts		
Total book value	2,959,861,095.88	1,390,000,000.00

5.10 Inventories

5.10.1 Classification of inventories

Category	As at December 31, 2023		
	Book balance	Provision/ impairment of contractual performance costs	Book value
Raw materials	3,551,945,689.70	340,249,153.29	3,211,696,536.41
Homemade semi-finished products and in-process products	14,732,511,124.73	756,317,460.87	13,976,193,663.86
Merchandise inventories	572,043,751.13	275,964.27	571,767,786.86
Revolving materials (packaging, low-value consumables, etc.)	42,832,506.06	304,044.44	42,528,461.62
Contract performance cost	338,373,026.81	3,976,602.63	334,396,424.18
Total	19,237,706,098.43	1,101,123,225.50	18,136,582,872.93

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(To continue)

Category	As at December 31, 2022		
	Book balance	Provision/ impairment of contractual performance costs	Book value
Raw materials	3,552,972,645.93	349,258,496.18	3,203,714,149.75
Homemade semi-finished products and in-process products	15,653,211,549.73	1,083,837,155.49	14,569,374,394.24
Merchandise inventories	492,436,551.04	275,964.27	492,160,586.77
Revolving materials (packaging, low-value consumables, etc.)	41,668,752.15	1,512,675.97	40,156,076.18
Contract performance cost	158,300,007.12	8,200,000.00	150,100,007.12
Total	19,898,589,505.97	1,443,084,291.91	18,455,505,214.06

5.10.2 Inventory depreciation reserve and contract performance cost impairment reserve

Category	As at December 31, 2022	Increase in 2023		Decrease in 2023		As at December 31, 2023
		Provision	Others	Reversal or write off	Others	
Raw materials	349,258,496.18	133,276,985.97		139,885,194.72	2,401,134.14	340,249,153.29
Self-manufactured semi-finished products and goods in process	1,083,837,155.49	148,824,701.32		476,344,395.94		756,317,460.87
Merchandise inventories	275,964.27					275,964.27
Revolving materials (packaging, low-value consumables, etc.)	1,512,675.97			1,208,631.53		304,044.44
Contract performance cost	8,200,000.00			4,223,397.37		3,976,602.63
Total	1,443,084,291.91	282,101,687.29		621,661,619.56	2,401,134.14	1,101,123,225.50

5.11 Taxes payable

5.11.1 Details of contract assets

Items	As at December 31, 2023			As at December 31, 2022		
	Book balance	Provision	Book value	Book balance	Provision	Book value
Payments for completed but not settled project	8,042,219,563.49	38,604,125.48	8,003,615,438.01	6,309,097,773.39	87,753,568.97	6,221,344,204.42
Contract quality guarantee deposit	4,803,643,068.17	387,289,639.70	4,416,353,428.47	4,831,211,988.57	366,227,555.33	4,464,984,433.24
Others						
Total	12,845,862,631.66	425,893,765.18	12,419,968,866.48	11,140,309,761.96	453,981,124.30	10,686,328,637.66

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5.11.2 Provision for impairment of contract assets in the current period

Items	As at December 31, 2022	Provision for current period	Current reversal	Current write-off/write-off	As at December 31, 2023
Payments for completed but not settled project	87,753,568.97	-49,285,379.90			38,468,189.07
Contract quality guarantee deposit	366,227,555.33	21,198,020.78			387,425,576.11
Total	453,981,124.30	-28,087,359.12			425,893,765.18

5.12 Non-current assets due within one year

Items	As at December 31, 2023	As at December 31, 2022
Long-term receivables maturing within one year	236,474,785.18	931,706,413.91
Loans and advances due within one year	294,427,621.08	
Total	530,902,406.26	931,706,413.91

5.13 Other current assets

Items	As at December 31, 2023	As at December 31, 2022
Advance payment of tax and retained tax credit	558,334,882.33	498,674,431.79
Granting of loans and advances (short-term)	881,125,300.00	406,278,516.99
Discounted assets	7,299,797.00	34,116,789.04
Others	3,360,585.85	8,694,540.96
Total	1,450,120,565.18	947,764,278.78

5.14 Disbursement loans and advances

5.14.1 Loans and advances, presented by individual and enterprise

Items	As at December 31, 2023	As at December 31, 2022
Personal loans and advances		
Credit card		
House mortgage		
Others		
Corporate loans and advances	6,026,480,093.30	4,613,604,249.23
loan	6,026,480,093.30	4,613,604,249.23
discount		
Others		
Total loans and advances	6,026,480,093.30	4,613,604,249.23
Less: Reserve for loan losses	408,468,301.84	64,820,326.93
Including: the number of individual provisions		

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Items	As at December 31, 2023	As at December 31, 2022
Combined allowance	408,468,301.84	64,820,326.93
Book value of loans and advances	5,618,011,791.46	4,548,783,922.30

5.14.2 Distribution of loans by industry

Industry distribution	Ending balance	Proportion (%)	Beginning balance	Proportion (%)
Agriculture, animal husbandry and fishery				-
Extractive industry				-
Real estate industry				-
Building industry				-
Finance and insurance				-
Power equipment industry	5,581,480,093.30	92.62	4,613,604,249.23	100.00
Other business services	445,000,000.00	7.38		-
Other industries				-
Total loans and advances	6,026,480,093.30	100.00	4,613,604,249.23	100.00
Less: Reserve for loan losses	408,468,301.84	6.78	64,820,326.93	1.40
Including:				
the number of individual provisions				-
Combined allowance	408,468,301.84	6.78	64,820,326.93	1.40
Book value of loans and advances	5,618,011,791.46	93.22	4,548,783,922.30	98.60

5.14.3 Distribution of loans by region

Regional distribution	Ending balance	Proportion (%)	Beginning balance	Proportion (%)
South China	626,209,012.28	10.39	660,239,512.89	14.31
North China	1,275,715,000.00	21.17	570,264,000.00	12.36
Southwest China	2,545,000,000.00	42.23	2,100,000,000.00	45.52
East China	844,510,594.00	14.01	913,691,621.08	19.80
Other regions	735,045,487.02	12.20	369,409,115.26	8.01
Total loans and advances	6,026,480,093.30	100.00	4,613,604,249.23	100.00
Less: Reserve for loan losses	408,468,301.84	6.78	64,820,326.93	1.40
Including:				
the number of individual provisions				

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Regional distribution	Ending balance	Proportion (%)	Beginning balance	Proportion (%)
Combined allowance	408,468,301.84	6.78	64,820,326.93	1.40
Book value of loans and advances	5,618,011,791.46	93.22	4,548,783,922.30	98.60

5.14.4 Distribution of loans issued by way of guarantee

Items	As at December 31, 2023	As at December 31, 2022
Credit loan	5,512,167,499.30	4,556,884,249.23
Guaranteed loan	445,000,000.00	
Loan with collateral	69,312,594.00	56,720,000.00
Including: Mortgage loan		
Pledged loan	69,312,594.00	56,720,000.00
Discount		
Total loans and advances	6,026,480,093.30	4,613,604,249.23
Less: Reserve for loan losses	408,468,301.84	64,820,326.93
Including:		
the number of individual provisions		
Combined allowance	408,468,301.84	64,820,326.93
Book value of loans and advances	5,618,011,791.46	4,548,783,922.30

5.14.5 Loan loss reserve

(1) Changes in reserve for loan losses

Credit risk and expected credit losses on loans and advances

Provision for bad debts	Phase 1	Phase 2	Phase 3	Total
	Expected credit losses over the next 12 months	Expected credit losses throughout life (no credit impairment)	Expected credit losses over life (credit impairment incurred)	
Book balance	6,026,480,093.30			6,026,480,093.30
Provision for losses	408,468,301.84			408,468,301.84
Book value	5,618,011,791.46			5,618,011,791.46

Note: The company has no overdue loans and advances at the end of the period.

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(2) Statement of changes in reserves for expected credit losses on loans and advances

Loss reserve	Phase 1	Phase 2	Phase 3	Total
	Expected credit losses over the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment incurred)	
Balance as at December 31, 2022	64,820,326.93			64,820,326.93
In 2022, balance as at December 31, 2023				
Transfer to Phase 2				
Transfer to Phase 3				
Reversal from Phase 2				
Reversal from Phase 1				
Provision in 2023	343,647,974.91			343,647,974.91
Reversal in 2023				
Recoveries of original resold loans and rollover of advances				
Write-off in 2023				
Charge-off in 2023				
Other changes				
Balance as at December 31, 2023	408,468,301.84			408,468,301.84

5.15 Investment in debt

5.15.1 Breakdown of creditor's right investment

Items	As at December 31, 2023			As at December 31, 2022		
	Book balance	Provision	Book value	Book balance	Provision	Book value
Interbank certificate of deposit	17,751,802,997.43		17,751,802,997.43	24,337,025,031.70		24,337,025,031.70
Asset-backed paper				22,275,000.00	1,670,625.00	20,604,375.00
Corporate bond	798,942,333.34	45,000,000.00	753,942,333.34	790,000,000.00	45,000,000.00	745,000,000.00
Private targeted debt financing vehicles				100,000,000.00	7,500,000.00	92,500,000.00
Financial bond	612,091,682.74	45,000,000.00	567,091,682.74	200,000,000.00	15,000,000.00	185,000,000.00
Sub-total	19,162,837,013.51	90,000,000.00	19,072,837,013.51	25,449,300,031.70	69,170,625.00	25,380,129,406.70
Less: Mature within one year						

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Items	As at December 31, 2023			As at December 31, 2022		
	Book balance	Provision	Book value	Book balance	Provision	Book value
Total	19,162,837,013.51	90,000,000.00	19,072,837,013.51	25,449,300,031.70	69,170,625.00	25,380,129,406.70

5.15.2 Reserve for impairment of debt investment

Reserve for impairment	Phase 1	Phase 2	Phase 3	Total
	Expected credit losses over the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment incurred)	
Balance as at December 31,2022	69,170,625.00			69,170,625.00
The balance at the end of last year is in the current period				
-Transfer to Phase 2				
-Transfer to Phase 3				
-Reversal from Phase 2				
-Reversal from Phase 1				
Provision in 2023	20,829,375.00			20,829,375.00
Reversal in 2023				
Write-off in 2023				
Charge-off in 2023				
Other changes				
Balance as at December 31,2023	90,000,000.00			90,000,000.00

Note: The company does not have overdue debt investment.

The book balance of debt investment changes as follows:

Book balance	Phase 1	Phase 2	Phase 3	Total
	Expected credit losses over the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment incurred)	
Balance as at December 31,2022	25,449,300,031.70			25,449,300,031.70
In 2022, balance as at December 31,2023				
-Transfer to Phase 2				
-Transfer to Phase 3				
-Reversal from Phase 2				
-Reversal from Phase 1				
Increase in 2023				
Termination of confirmation for this period	6,286,463,018.19			6,286,463,018.19
Other changes				
Balance as at December 31,2023	19,162,837,013.51			19,162,837,013.51

5.16 Long-term receivables

5.16.1 Breakdown of long-term receivables

Items	As at December 31, 2023		
	Book balance	Provision for bad debts	Book value
Finance lease payment			
Including: unrealized financing gains			
Sell goods on instalments	261,043,524.08	59,556,663.96	201,486,860.12
Total	261,043,524.08	59,556,663.96	201,486,860.12

(Continue)

Items	As at December 31, 2022		
	Book balance	Provision for bad debts	Book value
Finance lease payment	94,611,810.73	22,802,501.70	71,809,309.03
Including:unrealized financing gains	15,007,781.25		15,007,781.25
Sell goods on instalments	109,983,605.44	6,702,478.64	103,281,126.80
Total	204,595,416.17	29,504,980.34	175,090,435.83

5.16.2 Provision for bad debts of long-term receivables

Provision for bad debts	Phase 1	Phase 2	Phase 3	Total
	Expected credit losses over the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment incurred)	
Balance as at December 31,2022	29,504,980.34			29,504,980.34
In 2022, balance as at December 31,2023				
-Transfer to Phase 2				
-Transfer to Phase 3				
-Reversal from Phase 2				
-Reversal from Phase 1				
Provision in 2023	30,051,683.62			30,051,683.62
Reversal in 2023				
Write-off in 2023				
Charge-off in 2023				
Other changes				
Balance as at December 31,2023	59,556,663.96			59,556,663.96

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5.17 Long-term equity investments

5.17.1 Long-term equity investments

Investees	As at December 31, 2022	Impairment provision as at December 31, 2022	Increase/decrease in 2023							As at December 31, 2023	Provision for impairment loss as at December 31, 2023		
			Increase in investments	Decrease in investments	Gain/loss on investments recognized under equity method	Adjustment to other comprehensive income	Other equity change	Cash dividends or profits declared to be distributed	Provision for impairment loss			Others	
1. Joint ventures													
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					-4,958,643.91			
Framatome Dongfang Reactor Coolant Pumps 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	-4,958,643.91		360,056,833.65	
2. Associates													
Liangshan Fengguang New Energy Operator 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					-603,868.48		670,399,691.72	
Sichuan Dongshu New materials Co., LTD.	188,996,650.01				-13,794,150.73	400,195.57			558,977.24			175,043,717.61	

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Investees	As at December 31, 2022	Impairment provision as at December 31, 2022	Increase/decrease in 2023								As at December 31, 2023	Provision for impairment loss as at December 31, 2023	
			Increase in investments	Decrease in investments	Gain/loss on investments recognized under equity method	Adjustment to other comprehensive income	Other equity change	Cash dividends or profits declared to be distributed	Provision for impairment loss	Others			
Deyang Guangda Dongqi New Material Co., LTD.	326,746,739.31				-3,063,244.54				980,000.00		-47,020,477.06	275,683,017.71	
Dongfang Zhongheng (Chengdu) New Energy Technology Co., LTD.	4,998,911.21				-2,208.05							4,996,703.16	
Leshan Dongle Dajian Lifting Co., LTD.	4,595,225.57				-82,840.69							4,512,384.88	
Hunan Ping An 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 Energy Investment Wind Power Development Co. LTD.	664,696,248.20			788,166,611.89	123,470,363.69								
Huadian Longkou Wind power Co., LTD.	77,012,591.39				10,348,401.12							87,360,992.51	
China United Heavy Gas Turbine Technology Co., LTD	131,416,807.19				8,969.57							131,425,776.76	

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Investees	As at December 31, 2022	Impairment provision as at December 31, 2022	Increase/decrease in 2023								As at December 31, 2023	Provision for impairment loss as at December 31, 2023	
			Increase in investments	Decrease in investments	Gain/loss on investments recognized under equity method	Adjustment to other comprehensive income	Other equity change	Cash dividends or profits declared to be distributed	Provision for impairment loss	Others			
Inner Mongolia Energy Power Generation Red Mud Well Wind Power Co., LTD	21,431,362.84				2,371,153.80							23,802,516.64	
Inner Mongolia Mengneng Sansheng Tai Wind Power Co., LTD	13,725,971.47	13,725,971.47										13,725,971.47	13,725,971.47
Inner Mongolia Mengneng Wulan New energy Co., LTD	33,791,321.89	27,120,000.00			-3,563,954.55							30,227,367.34	27,120,000.00
Sub-total	2,002,557,662.77	40,845,971.47	10,000,000.00	788,166,611.89	288,241,896.15	400,195.57		1,538,977.24			-47,624,345.54	1,463,869,819.82	40,845,971.47
Total	2,439,167,322.24	40,845,971.47	10,000,000.00	788,166,611.89	320,691,180.02	400,195.57		105,582,443.02			-52,582,989.45	1,823,926,653.47	40,845,971.47

5.18 Other equity instrument investments

5.18.1 Breakdown of other equity instrument investments

Items	As at December 31, 2023	As at December 31, 2022	Profit recognized in other comprehensive income for the period	Loss charged to other comprehensive income for the period	Accumulated profit in other comprehensive income at the end of the period	Accumulated losses in other comprehensive income at the end of the period	Dividend income recognized during the period	Reasons for designation as at fair value through other comprehensive income
Southern Power grid energy storage Co., LTD	419,574,463.26	571,019,010.30		151,444,547.04		120,425,530.53	1,617,021.26	Judge according to management's plan

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Items	As at December 31, 2023	As at December 31, 2022	Profit recognized in other comprehensive income for the period	Loss charged to other comprehensive income for the period	Accumulated profit in other comprehensive income at the end of the period	Accumulated losses in other comprehensive income at the end of the period	Dividend income recognized during the period	Reasons for designation as at fair value through other comprehensive income
Sichuan Sichuan south highway development company	1,000,000.00	1,000,000.00					220,000.00	Judge according to management's plan
Zhejiang Yuhuan Huadian wind power Co., LTD	70,300,000.00	66,300,000.00						Judge according to management's plan
Harbin can create technology limited liability company investment	5,000,000.00	5,000,000.00						Judge according to management's plan
Sichuan Tianhua Company Limited						81,914.82	2,600.70	Judge according to management's plan
Sichuan Huatian Corporation Co. LTD						36,625.00		Judge according to management's plan
Total	495,874,463.26	643,319,010.30		151,444,547.04		120,544,070.35	1,839,621.96	

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5.19 Investment properties

5.19.1 Investment real estate with cost measurement mode

Items	Buildings and constructions	Land use rights	Total
1. Original book value			
(1) As at December 31, 2022	251,312,596.29	18,811,826.12	270,124,422.41
(2) Increase in 2023	13,644,670.01		13,644,670.01
-Purchases			
-Transfer from inventories \fixed assets \construction in progress	13,439,296.81		13,439,296.81
-Investment properties measured under the cost model			
-Other changes.	205,373.20		205,373.20
(3) Decrease in 2023	4,810.98		4,810.98
-Disposal	4,810.98		4,810.98
-Other changes			
(4) As at December 31, 2023	264,952,455.32	18,811,826.12	283,764,281.44
2. Accumulated depreciation and amortization			
(1) As at December 31, 2022	115,072,206.44	6,430,378.62	121,502,585.06
(2) Increase in 2023	16,002,865.77	443,288.51	16,446,154.28
-Provision or amortization	9,093,888.15	443,288.51	9,537,176.66
-Other changes.	6,908,977.62		6,908,977.62
(3) Decrease in 2023	234,311.84		234,311.84
-Disposal	4,570.43		4,570.43
-Other changes	229,741.41		229,741.41
(4) As at December 31, 2023	130,840,760.37	6,873,667.13	137,714,427.50
3. Provision for impairment			
(1) As at December 31, 2022			
(2) Increase in 2023			
-Provision			
-Other changes			
(3) Decrease in 2023			
-Disposal			
-Other changes			
(4) As at December 31, 2023			
4. Book value			
(1) As at December 31, 2023	134,111,694.95	11,938,158.99	146,049,853.94
(2) As at December 31, 2022	136,240,389.85	12,381,447.50	148,621,837.35

5.19.2 Investment real estate without a certificate of title
None.

5.20 Fixed assets

5.20.1 Fixed assets and liquidation of fixed assets

Items	As at December 31, 2023	As at December 31, 2022
Fixed assets	5,034,251,506.28	4,875,952,168.32
liquidation of fixed assets	649,115.31	364,182.01
Total	5,034,900,621.59	4,876,316,350.33

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5.20.2 Fixed assets

Items	Assets of land	Houses and buildings	Machinery and equipment	Means of transport	Instruments, electronic equipment And others	Total
1. Original book value						
(1) Balance at the end of last year	17,915,996.06	6,903,485,799.84	8,538,678,691.40	311,414,012.51	1,647,701,928.20	17,419,196,428.01
(2) Amount increased in the current period		103,428,815.46	264,205,542.64	22,585,061.32	422,069,711.04	812,289,130.46
Purchase		35,835,323.20	93,360,122.77	12,082,929.33	248,583,912.69	389,862,287.99
Transfer of projects under construction		51,875,516.83	161,774,958.54	10,457,237.89	172,778,000.81	396,885,714.07
Business mergers have increased						
Sale and leaseback transfer						
Others		15,717,975.43	9,070,461.33	44,894.10	707,797.54	25,541,128.40
(3) Amount reduced in the current period		36,595,570.68	130,013,558.10	8,260,445.39	69,137,798.01	244,007,372.18
Disposal or scrapping		7,045,201.69	129,020,228.14	8,226,389.46	69,087,188.65	213,379,007.94
Sale and leaseback and transfer out						
Others		29,550,368.99	993,329.96	34,055.93	50,609.36	30,628,364.24
(4) Ending balance	17,915,996.06	6,970,319,044.62	8,672,870,675.94	325,738,628.44	2,000,633,841.23	17,987,478,186.29
2. Accumulated depreciation						
(1) Balance at the end of last year		3,921,257,379.28	7,032,786,889.33	246,260,799.68	1,208,387,564.20	12,408,692,632.49
(2) Amount increased in the current period		289,607,722.84	117,881,950.63	12,278,791.81	206,541,273.34	626,309,738.62
Withdrawal		286,242,342.93	117,862,725.33	12,278,791.81	206,541,273.34	622,925,133.41
Business mergers have increased						
Others		3,365,379.91	19,225.30			3,384,605.21
(3) Amount reduced in the current period		21,360,449.21	117,667,331.50	7,823,271.27	65,651,320.62	212,502,372.60
Disposal or scrapping		4,197,008.41	117,617,392.04	7,823,271.27	65,640,195.62	195,277,867.34

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Items	Assets of land	Houses and buildings	Machinery and equipment	Means of transport	Instruments, electronic equipment And others	Total
Sale and leaseback and transfer out						
Others		17,163,440.80	49,939.46		11,125.00	17,224,505.26
(4) Ending balance		4,189,504,652.91	7,033,001,508.46	250,716,320.22	1,349,277,516.92	12,822,499,998.51
3. Provision for impairment losses						
(1) Balance at the end of last year		86,088,944.90	41,068,461.23	109,605.82	7,284,615.25	134,551,627.20
(2) Amount increased in the current period			122,007.20	14,899.21	36,928.61	173,835.02
Withdrawal			122,007.20	14,899.21	36,928.61	173,835.02
Others						
(3) Amount reduced in the current period			3,433,396.41	5,513.58	559,870.73	3,998,780.72
Disposal or scrapping			3,433,396.41	5,513.58	559,870.73	3,998,780.72
Others						
(4) Ending balance		86,088,944.90	37,757,072.02	118,991.45	6,761,673.13	130,726,681.50
4. Carrying amount						
(1) Ending book value	17,915,996.06	2,694,725,446.81	1,602,112,095.46	74,903,316.77	644,594,651.18	5,034,251,506.28
(2) Book value at the end of last year	17,915,996.06	2,896,139,475.66	1,464,823,340.84	65,043,607.01	432,029,748.75	4,875,952,168.32

Notes:

The land assets in the fixed assets of the Company as at 31 December 2023 represent the land ownership acquired by Dongfang India Company in India.

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5.20.3 Temporarily idle fixed assets

Items	Original book value	Accumulated depreciation	Provision for impairment	Book value	Remarks
Buildings and constructions	5,855,402.94	3,623,737.64		2,231,665.30	
Machinery equipment	86,685,936.70	77,303,415.06	4,644,187.73	4,738,333.91	
Transportation facilities	3,642,952.55	3,460,804.85		182,147.70	
Instrument	5,333,746.81	1,978,853.38	2,972,637.59	382,255.84	
Electronic equipment	1,081,611.91	1,027,531.31		54,080.60	
Others	7,409,807.20	6,955,309.71	37,630.15	416,867.34	
Total	110,009,458.11	94,349,651.95	7,654,455.47	8,005,350.69	

5.20.4 Fixed assets leased out by operating lease

Items	As at December 31, 2023
Buildings and constructions	99,370,960.46
Machinery equipment	3,410,956.14
Transportation facilities	19,536.66
Instrument and apparatus, electronic equipment and others	669,173.98
Total	103,470,627.24

5.20.5 Fixed assets without title deeds

Items	Book value	Reasons for not completing the certificate of title
Building 2, Chengdu	77,528,605.70	The actual area of the building is not consistent with the planning and design
Hulunbuir Production Base Phase I (plant)	7,225,901.41	The original infrastructure did not pass the acceptance of fire control, resulting in no property rights certificate
Hulunbuir Production Base Phase I (Office building)	7,225,901.41	The original infrastructure did not pass the acceptance of fire control, resulting in no property rights certificate
Others	11,844.80	Incomplete information has not been processed temporarily

5.20.6 Liquidation of fixed assets

Items	As at December 31, 2023	As at December 31, 2022
Houses, buildings	782.96	
Machinery and equipment	96,170.50	232,657.98
Means of transport	25,773.21	3,247.86
Instrument and meter	191,884.37	34,177.74
Electronic equipment	331,970.47	92,156.40
Others	2,533.80	1,942.03
Total	649,115.31	364,182.01

5.21 Construction in progress

5.21.1 Construction in progress and Project goods and material

Items	As at December 31, 2023			As at December 31, 2022		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Construction in progress	793,514,479.47	4,467,882.61	789,046,596.86	380,320,846.51	4,467,882.61	375,852,963.90
Project goods and material	30,649.48		30,649.48	30,649.48		30,649.48
Total	793,545,128.95	4,467,882.61	789,077,246.34	380,351,495.99	4,467,882.61	375,883,613.38

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5.21.2 Breakdown of construction in progress

Items	As at December 31, 2023			As at December 31, 2022		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Innovation and Science Center building	259,791,869.12		259,791,869.12	18,804,479.24		18,804,479.24
Dongfang Hydrogen Energy Industrial Park	92,082,991.16		92,082,991.16	54,064,952.89		54,064,952.89
Chengdu Hydrogen Energy Industrial Park (Dongfang Hydrogen Energy R&D and Test Center Project)	24,486,987.09		24,486,987.09	56,603.77		56,603.77
Phase II construction project of Xinjiang Manufacturing Base	23,691,226.85		23,691,226.85			
Digital Phase II - 1 set of 6300KN punching automatic production line	22,911,504.50		22,911,504.50	13,746,902.70		13,746,902.70
Financial Sharing Service System Construction Project (Phase II)	20,886,739.49		20,886,739.49	15,420,972.29		15,420,972.29
4.5T horizontal high speed vacuum high speed dynamic balancing machine 1 set	19,441,276.35		19,441,276.35			
One span reinforcement of large motor plant	15,694,232.34		15,694,232.34	43,000.00		43,000.00
New hydraulic comprehensive experiment building	14,980,254.08		14,980,254.08			
Civil nuclear power project (capacity improvement and expansion)	13,891,758.54		13,891,758.54			
Motor Division plant one span reinforcement	11,087,392.41		11,087,392.41	29,000.00		29,000.00
Construction of civil facilities for inorganic spraying and thermal spraying digital production line of gas turbine	10,187,628.58		10,187,628.58			
Others	264,380,618.96	4,467,882.61	259,912,736.35	278,154,935.62	4,467,882.61	273,687,053.01
Total	793,514,479.47	4,467,882.61	789,046,596.86	380,320,846.51	4,467,882.61	375,852,963.90

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5.21.3 Current changes of important construction projects under construction

Items	Number of budgets	Balance at the end of last year	Increase amount for the current period	Amount of fixed assets transferred in the current period	Other decreases for the current period	Balance at end of the period	Proportion of cumulative project input to budget (%)	Progress of project	Accumulated amount of interest capitalized	Including: amount of interest capitalized in the current period	Capitalization rate of interest for the current period (%)	Source of funds
Innovation and Science Center building	1,071,448,788.01	18,804,479.24	240,987,389.88			259,791,869.12	24.25%	24.25%				Raise oneself
Dongfang Hydrogen Energy Industrial Park	243,540,000.00	54,064,952.89	38,018,038.27			92,082,991.16	37.81%	37.81%				Raise oneself
Chengdu Hydrogen Energy Industrial Park (Dongfang Hydrogen Energy R&D and Test Center Project)	42,654,800.00	56,603.77	40,623,215.18	16,192,831.86		24,486,987.09	57.41%	57.41%				Raise oneself
Phase II construction project of Xinjiang Manufacturing Base	52,110,092.00		23,691,226.85			23,691,226.85	45.46%	45.46%				Raise oneself
Digital Phase II - 1 set of 6300KN punching automatic production line	27,000,000.00	13,746,902.70	9,164,601.80			22,911,504.50	84.86%	84.86%				Raise oneself

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Items	Number of budgets	Balance at the end of last year	Increase amount for the current period	Amount of fixed assets transferred in the current period	Other decreases for the current period	Balance at end of the period	Proportion of cumulative project input to budget (%)	Progress of project	Accumulated amount of interest capitalized	Including: amount of interest capitalized in the current period	Capitalization rate of interest for the current period (%)	Source of funds
Financial Sharing Service System Construction Project (Phase II)	30,000,000.00	15,420,972.29	5,465,767.20			20,886,739.49	69.62%	69.62%				Raise oneself
4.5T horizontal high speed vacuum high speed dynamic balancing machine 1 set	30,000,000.00		19,441,276.35			19,441,276.35	64.80%	64.80%				Raise oneself
Large motor plant one span	35,000,000.00	43,000.00	15,651,232.34			15,694,232.34	44.84%	44.84%				Raise oneself
New hydraulic comprehensive experiment building	43,000,000.00		14,980,254.08			14,980,254.08	34.84%	34.84%				Raise oneself
Civil nuclear power project (capacity improvement and expansion)	30,696,618.05		13,891,758.54			13,891,758.54	45.26%	45.26%				Raise oneself
Motor Division plant one span reinforcement	19,500,000.00	29,000.00	11,058,392.41			11,087,392.41	56.86%	56.86%				Raise oneself

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Items	Number of budgets	Balance at the end of last year	Increase amount for the current period	Amount of fixed assets transferred in the current period	Other decreases for the current period	Balance at end of the period	Proportion of cumulative project input to budget (%)	Progress of project	Accumulated amount of interest capitalized	Including: amount of interest capitalized in the current period	Capitalization rate of interest for the current period (%)	Source of funds
Construction of civil facilities for inorganic spraying and thermal spraying digital production line of gas turbine	22,870,000.00		10,187,628.58			10,187,628.58	44.55%	44.55%				Raise oneself
Total	1,647,820,298.06	102,165,910.89	443,160,781.48	16,192,831.86		529,133,860.51						

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5.22 Right-of-use assets

5.22.1 Breakdown of right-of-use assets

Items	Buildings and constructions	Machinery equipment	Total
1. Original book value			
(1) As at December 31, 2022	506,963,733.19	33,078,689.41	540,042,422.60
(2) Increase in 2023	163,664,912.79		163,664,912.79
-New lease	163,664,912.79		163,664,912.79
-Other Increase			
(3) Decrease in 2023	190,624,550.72	10,812,034.68	201,436,585.40
-Lease expired	188,633,403.53	9,689,549.77	198,322,953.30
-Other Decrease	1,991,147.19	1,122,484.91	3,113,632.10
(4) As at December 31, 2023	480,004,095.26	22,266,654.73	502,270,749.99
2. Accumulated depreciation			
(1) As at December 31, 2022	219,357,713.72	23,494,963.26	242,852,676.98
(2) Increase in 2023	107,602,398.34	6,460,069.78	114,062,468.12
-Provision	107,602,398.34	6,460,069.78	114,062,468.12
-Other Increase			
(3) Decrease in 2023	189,156,894.00	10,755,910.43	199,912,804.43
-Transfer to fixed assets	188,290,521.93	10,755,910.43	199,046,432.36
-Other Decrease	866,372.07		866,372.07
(4) As at December 31, 2023	137,803,218.06	19,199,122.61	157,002,340.67
3. Provision for impairment			
(1) As at December 31, 2022			
(2) Increase in 2023			
-Provision			
(3) Decrease in 2023			
-Transfer to fixed assets			
-Expiration of lease			
(4) As at December 31, 2023			
4. Book value			
(1) As at December 31, 2023	342,200,877.20	3,067,532.12	345,268,409.32
(2) As at December 31, 2022	287,606,019.47	9,583,726.15	297,189,745.62

5.23 Intangible assets

5.23.1 Breakdown of intangible assets

Items	Land use rights	Non-patent technologies	Software	Patent right	Others	Total
1. Original book value						

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Items	Land use rights	Non-patent technologies	Software	Patent right	Others	Total
(1) As at December 31, 2022	1,233,458,034.28	343,606,366.49	402,761,561.61	217,931,185.89	666,157,994.00	2,863,915,142.27
(2) Increase in 2023	133,509,160.37	587,340.23	57,487,100.24	6,874,143.90	11,256,169.23	209,713,913.97
-Purchase	133,509,160.37	476,019.48	27,276,887.38	4,746,146.70	11,256,169.23	177,264,383.16
-Internal R&D						
-Increase in business mergers						
-Others		111,320.75	30,210,212.86	2,127,997.20		32,449,530.81
(3) Decrease in 2023	9,245,775.00	1,030,401.45	7,918,767.85	64,613.21		18,259,557.51
-Disposal		1,030,401.45	7,128,725.09	64,613.21		8,223,739.75
-Others	9,245,775.00		790,042.76			10,035,817.76
(4) As at December 31, 2023	1,357,721,419.65	343,163,305.27	452,329,894.00	224,740,716.58	677,414,163.23	3,055,369,498.73
2. Accumulated amortization						
(1) As at December 31, 2022	267,780,573.51	332,848,089.60	268,061,103.54	77,203,910.35	155,477,287.40	1,101,370,964.40
(2) Increase in 2023	27,622,350.48	4,500,789.30	37,848,191.77	18,612,235.44	29,948,810.16	118,532,377.15
-Provision	27,622,350.48	4,500,789.30	37,848,191.77	18,612,235.44	29,948,810.16	118,532,377.15
-Increase in business mergers						
-Others						
(3) Decrease in 2023	4,285,572.98	1,030,401.45	7,710,316.30	36,000.00		13,062,290.73
-Disposal		1,030,401.45	6,961,535.00	36,000.00		8,027,936.45
-Others	4,285,572.98		748,781.30			5,034,354.28
(4) As at December 31, 2023	291,117,351.01	336,318,477.45	298,198,979.01	95,780,145.79	185,426,097.56	1,206,841,050.82
3. Provision for impairment						
(1) As at December 31, 2022	33,314.36	376,405.24	308,176.10			717,895.70
(2) Increase in 2023						
-Provision						
-Others						
(3) Decrease in 2023						
Disposal						
Others						

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Items	Land use rights	Non-patent technologies	Software	Patent right	Others	Total
(4) As at December 31, 2023	33,314.36	376,405.24	308,176.10			717,895.70
4. Book value						
(1) As at December 31, 2023	1,066,570,754.28	6,468,422.58	153,822,738.89	128,960,570.79	491,988,065.67	1,847,810,552.21
(2) As at December 31, 2022	965,644,146.41	10,381,871.65	134,392,281.97	140,727,275.54	510,680,706.60	1,761,826,282.17

5.23.2 Description of intangible assets

Other intangible assets are mainly the power station franchise of Nanmanghe Company.

5.23.3 Land use right without a certificate of title

Items	Book value	Reasons for not completing the certificate of title
Hulunbuir Economic Development Zone starting area	7,110,204.33	The original infrastructure did not pass the acceptance of fire control, resulting in no property rights certificate
Total	7,110,204.33	

5.24 Development expenditure

Items	As at December 31, 2022	As at December 31, 2023
Basic research and development project	5,250,961.72	4,682,571.60
Sub-total	5,250,961.72	4,682,571.60
Less: provision for bad debts		
Total	5,250,961.72	4,682,571.60

5.25 Long-term deferred expenses

Items	As at December 31, 2022	Increase in 2023	Amortization in 2023	Other decreases	As at December 31, 2023
Piecemeal works	2,184,738.06	691,055.05	759,191.31		2,116,601.80
Total	2,184,738.06	691,055.05	759,191.31		2,116,601.80

5.26 Deferred tax assets and deferred tax liabilities

5.26.1 Unoffset deferred income tax assets

Items	As at December 31, 2023		As at December 31, 2022	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
1. Deferred income tax assets	20,457,324,449.12	3,227,909,778.01	20,768,328,954.34	3,207,930,774.18

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Items	As at December 31, 2023		As at December 31, 2022	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for asset impairment	8,776,475,177.86	1,412,471,299.55	8,635,993,814.67	1,341,295,287.91
Deductible losses	836,614,908.85	125,492,236.33	819,076,206.77	122,861,435.02
Provisions	5,375,179,121.06	842,920,555.97	6,561,487,463.07	1,014,912,836.30
Employee benefit payable	1,661,414,877.31	253,502,340.06	1,647,326,001.49	251,285,803.51
No profit was realized from internal trading	253,435,217.25	38,478,918.02	274,190,630.42	41,354,617.40
Government grants	200,652,847.33	34,522,710.66	174,610,730.40	26,916,899.05
Accounts payable	2,840,857,395.84	426,130,496.02	2,031,571,425.42	308,006,584.42
Depreciation of fixed assets	23,611,808.39	3,450,237.77	12,028,825.37	1,804,323.81
Changes in fair value	124,319,748.90	18,647,962.34	81,000,387.45	19,836,466.37
Foreign enterprise income tax to be deducted	13,982,540.13	2,097,381.02	70,142,062.47	10,521,309.37
Lease liabilities	346,945,131.17	69,620,289.01	431,139,171.20	64,670,875.68
Other	3,835,675.03	575,351.26	29,762,235.61	4,464,335.34
2.Deferred income tax liabilities	1,078,287,408.11	180,156,104.32	828,277,033.54	124,341,319.06
Depreciation of fixed assets	402,818,883.90	60,906,798.82	370,391,877.23	55,658,545.61
Changes in fair value	329,908,352.11	50,323,289.10	426,866,139.80	64,029,920.97
Right-of-use assets	345,560,172.10	68,926,016.40	31,019,016.51	4,652,852.48

5.26.2 Details of unrecognized deferred income tax assets

Items	As at December 31, 2023	As at December 31, 2022
Losses that can be carried forward to subsequent years	1,957,182,481.90	1,990,902,420.86
Deductible temporary differences	166,455,746.44	191,632,403.39
Total	2,123,638,228.34	2,182,534,824.25

5.26.3 Deductible losses on unrecognized deferred tax assets will expire in the following years

Year	As at December 31, 2023	As at December 31, 2022
Year 2024	26,984,135.07	34,330,161.07
Year 2025	42,210,748.51	42,210,748.51
Year 2026	481,303,585.91	481,303,585.91
Year 2027	78,787,173.36	78,787,173.36
Year 2028and beyond	1,327,896,839.05	1,354,270,752.01
Total	1,957,182,481.90	1,990,902,420.86

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5.27 Other non-current assets

Items	As at December 31, 2023			As at December 31, 2022		
	Balance of book value	Provision for impairment losses	Carrying amount	Balance of book value	Provision for impairment losses	Carrying amount
Contract guarantee	6,735,293,359.39	1,043,805,909.95	5,691,487,449.44	4,624,373,892.12	567,717,102.41	4,056,656,789.71
Completed but not settled				316,743,969.56	274,001,135.51	42,742,834.05
Bankruptcy liquidation subsidiary Note 1	469,363,000.00	469,363,000.00		469,363,000.00	469,363,000.00	
Chuaneng Power Proposed Issue of Share ownership Note 2	1,158,451,915.23		1,158,451,915.23			
Total	8,363,108,274.62	1,513,168,909.95	6,849,939,364.67	5,410,480,861.68	1,311,081,237.92	4,099,399,623.76

Note 1:

Description of bankruptcy liquidation subsidiary: Dongfang Electric New Energy Equipment (Hangzhou) Co., LTD. (hereinafter referred to as Hangzhou New Energy) entered bankruptcy procedure in 2017 and has not completed bankruptcy liquidation up to now; Dongfang Electric (Tongliao) Wind Power Engineering Technology Co., LTD. (hereinafter referred to as Tongliao Wind Power) and Dongfang Electric (Jiuquan) New Energy Co., LTD. (hereinafter referred to as Jiuquan New Energy) entered bankruptcy procedures in 2018 and have not completed bankruptcy liquidation so far.

Note 2: See Note 15.2 for details.

5.28 Assets whose ownership or use rights are restricted

Item	Book balance	Reasons for limitation
Monetary funds	2,891,955,295.64	Deposit of central bank reserves, margin, etc
Fixed assets	85,907.85	Mortgage loan
Intangible assets	487,964,665.60	Collateral for a mortgage
Total	3,380,005,869.09	

5.29 Short-term borrowings

5.29.1 Classification of short-term borrowings

Items	As at December 31, 2023	As at December 31, 2022
Loan pledged		
Mortgage loan		
Guaranteed loans		
Loan on credit	110,165,544.44	103,235,027.02
Total	110,165,544.44	103,235,027.02

Note:

Short-term loans are loans from financial institutions with an interest rate range of 3.15%-3.365%

5.30 Derivative financial liabilities

Items	As at December 31, 2023	As at December 31, 2022
Forward settlement of exchange		2,725,701.24
Total		2,725,701.24

5.31 Notes payable

Category	As at December 31, 2023	As at December 31, 2022
Bank acceptance draft	4,402,210,783.76	4,231,558,555.38
Commercial acceptance bill	9,490,036,916.78	5,795,145,642.46
Total	13,892,247,700.54	10,026,704,197.84

There are no notes payable due and unpaid in the current period.

5.32 Accounts payable

5.32.1 List accounts payable

Items	As at December 31, 2023	As at December 31, 2022
Within 1 year (including 1 year)	16,063,262,831.18	14,589,026,881.92
1-2 years (including 2 years)	1,601,235,241.60	1,211,799,005.78
2-3 years (including 3 years)	697,079,766.93	518,486,513.10
Over 3 years	944,525,909.10	1,034,637,836.47
Total	19,306,103,748.81	17,353,950,237.27

Note:

Accounts payable are mainly recorded on the date of business occurrence, and the aging shown on the date of

entry is basically consistent with the aging shown on the invoice date.

5.32.2 Significant accounts payable aged over one year or overdue

Items	As at December 31, 2023	Reasons for outstanding or carried forward
Entity 1	69,505,115.89	The settlement point is not reached
Entity 2	55,821,361.23	The settlement point is not reached
Entity 3	45,772,849.06	The settlement point is not reached
Entity 4	44,207,989.92	The settlement point is not reached
Entity 5	41,611,846.12	The settlement point is not reached
Entity 6	40,518,011.04	The settlement point is not reached
Entity 7	39,803,073.86	The settlement point is not reached
Entity 8	39,651,000.00	The settlement point is not reached
Entity 9	37,955,203.17	The settlement point is not reached
Entity 10	37,420,000.00	The settlement point is not reached
Entity 11	37,143,741.58	The settlement point is not reached
Entity 12	34,674,420.00	The settlement point is not reached
Entity 13	33,936,724.18	The settlement point is not reached
Entity 14	33,203,952.37	The settlement point is not reached
Entity 15	30,659,714.94	The settlement point is not reached
Entity 16	27,280,986.20	The settlement point is not reached
Entity 17	26,640,778.08	The settlement point is not reached
Entity 18	26,612,335.82	The settlement point is not reached
Entity 19	26,013,395.89	The settlement point is not reached
Entity 20	25,739,999.95	The settlement point is not reached
Entity 21	25,541,397.25	The settlement point is not reached
Entity 22	24,621,730.99	The settlement point is not reached
Total	804,335,627.54	

5.33 Contract liabilities

5.33.1 Breakdown of contract liabilities

Items	As at December 31, 2023	As at December 31, 2022
Within 1 year (including 1 year)	26,015,520,526.06	25,766,385,476.96
Over 1 year	6,156,405,523.30	6,425,527,295.40
Total	32,171,926,049.36	32,191,912,772.36

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5.34 Deposit absorption and interbank deposit

Items	As at December 31, 2023	As at December 31, 2022
Current account balances	450,266,209.68	4,302,305,510.35
Time deposits (including notice deposits)	141,802,794.39	87,000,000.00
Other deposits (including outward remittance, remittance payable, etc.)		
Total	592,069,004.07	4,389,305,510.35

5.35 Employee benefit payable

5.35.1 List the salary payable to employees

Items	As at December 31, 2022	Increase in 2023	Decrease in 2023	As at December 31, 2023
Short-term compensation	284,933,160.01	4,580,616,282.55	4,582,981,750.08	282,567,692.48
Post-employment benefits - defined contribution plans	219,746,724.41	684,017,165.09	669,646,355.61	234,117,533.89
Dismissal benefits	337,671,400.94	361,319,858.11	351,616,344.98	347,374,914.07
Other benefits maturing within one year				
Others				
Total	842,351,285.36	5,625,953,305.75	5,604,244,450.67	864,060,140.44

5.35.2 List short-term salary

Items	As at December 31, 2022	Increase in 2023	Decrease in 2023	As at December 31, 2023
(1) Salaries, bonuses, allowances and subsidies		3,389,959,424.39	3,389,959,424.39	
(2) Employee welfare	36,256,841.86	343,902,973.84	345,175,571.81	34,984,243.89
(3) Social insurance premiums	63,710,630.54	338,412,561.75	333,977,142.58	68,146,049.71
Including: Medical insurance premium and Maternity insurance premium	236,130.82	214,090,128.97	214,094,680.09	231,579.70
Work-related injury insurance premium	71,099.81	16,009,074.73	16,011,155.54	69,019.00
Others	63,403,399.91	108,313,358.05	103,871,306.95	67,845,451.01
(4) Housing provident funds	333,144.00	340,453,793.20	340,460,277.20	326,660.00
(5) Labor union expenditures and employee education funds	182,655,413.73	121,120,067.06	127,901,353.47	175,874,127.32
(6) Short-term compensated absences				
(7) Short-term profit sharing plan				
(8) Other short-term compensation	1,977,129.88	46,767,462.31	45,507,980.63	3,236,611.56
Total	284,933,160.01	4,580,616,282.55	4,582,981,750.08	282,567,692.48

5.35.3 Set up withdrawal plan and list it

Items	As at December 31, 2022	Increase in 2023	Decrease in 2023	As at December 31, 2023
Basic endowment insurance premium	246,399.36	435,174,240.76	435,183,949.20	236,690.92
Unemployment insurance premium	9,240.02	16,443,024.95	16,443,388.76	8,876.21
Enterprise annuity payment	219,491,085.03	232,399,899.38	218,019,017.65	233,871,966.76
Total	219,746,724.41	684,017,165.09	669,646,355.61	234,117,533.89

Note:

The Company and its domestic subsidiaries participate in endowment insurance, unemployment insurance and enterprise annuity plans set up by government agencies in accordance with regulations. According to these plans, the Company pays monthly expenses to these plans according to the benchmark and proportion stipulated by the state. In addition to the above monthly payment expenses, the Company shall not undertake further payment obligations, and shall not use or recover the contributions already paid. The corresponding expenses shall be recorded into the cost of relevant assets or current profits and losses when incurred.

5.36 Taxes payable

Tax and fee items	As at December 31, 2023	As at December 31, 2022
Value added tax	182,524,888.48	136,207,879.40
Corporate income tax	147,274,206.64	109,981,118.10
Personal income tax	43,240,250.56	48,037,570.79
City maintenance and construction tax	16,082,866.65	13,691,242.67
Property tax	791,431.24	714,200.81
Land use tax	547,877.32	471,874.82
Education surcharge (including local education surcharge)	11,297,636.06	9,610,203.37
Other taxes and fees	38,029,533.29	12,310,201.69
Total	439,788,690.24	331,024,291.65

5.37 Other payables

Items	As at December 31, 2023	As at December 31, 2022
Interest payable		7,526,176.87
Dividends payable	4,056,055.47	4,023,929.75
Other payables	1,484,264,159.25	1,255,454,438.99
Total	1,488,320,214.72	1,267,004,545.61

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5.37.1 Interest payable

Items	As at December 31, 2023	As at December 31, 2022
Interest payable on short-term borrowings		6,177,716.25
Interest payable on absorption of deposits		1,348,460.62
Total		7,526,176.87

5.37.2 Dividends payable

Items	As at December 31, 2023	As at December 31, 2022
Ordinary share dividends	4,056,055.47	4,023,929.75
Total	4,056,055.47	4,023,929.75

5.37.3 Other payables

(1) List according to the nature of the payment

Items	As at December 31, 2023	As at December 31, 2022
Deposits and deposits	435,828,731.06	425,019,859.96
Collections on behalf of others	263,873,223.49	262,517,748.08
Payment payable for equity acquisition	260,260,801.59	262,412,707.91
Advance money payable	237,267,261.35	112,443,785.02
Lease, service and minor purchase payables	78,309,811.60	41,721,179.41
Social insurance premium and housing provident fund undertaken by individuals	48,091,288.48	18,579,558.99
Others	160,633,041.68	132,759,599.62
Total	1,484,264,159.25	1,255,454,438.99

(2) Significant other payables aged over one year or overdue

Items	As at December 31, 2023	Reasons for outstanding or carried forward
Entity 1	201,005,089.80	Settlement conditions were not met
Entity 2	42,670,932.66	Settlement conditions were not met
Entity 3	17,536,220.47	Settlement conditions were not met
Entity 4	14,578,327.14	Settlement conditions were not met
Total	275,790,570.07	

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5.38 Non-current liabilities due within one year

Items	As at December 31, 2023	As at December 31, 2022
Long-term borrowings maturing within one year	193,964,036.00	510,164,036.00
Bonds payable maturing within one year		
Long-term payables maturing within one year		
Lease liabilities maturing within one year	122,065,276.52	115,846,562.59
Total	316,029,312.52	626,010,598.59

5.39 Other current liabilities

Items	As at December 31, 2023	As at December 31, 2022
Pending resale tax	1,961,684,144.76	
Provisional estimate cost		117,157,718.62
Notes receivable endorsed but not yet mature without termination of recognition at the end of the period	85,895,092.11	163,080,671.29
Agency liabilities	3,036,593.99	5,058,595.06
Others	17,767,975.51	9,134,955.12
Total	2,068,383,806.37	294,431,940.09

5.40 Long-term borrowings

Items	As at December 31, 2023	As at December 31, 2022
Pledged borrowings		
Mortgaged borrowings	336,167,606.64	368,151,541.84
Guaranteed borrowings		
Credit borrowings	1,241,222,838.56	1,093,125,902.03
Sub-total	1,577,390,445.20	1,461,277,443.87
Less: Part due within one year	193,964,036.00	510,164,036.00
Total	1,383,426,409.20	951,113,407.87

Note:

Long-term loans are mainly loans from financial institutions and entrusted loans, with an interest rate range of 1%-3.915%.

5.41 Lease liabilities

Items	As at December 31, 2023	As at December 31, 2022
Lease payment	430,539,316.50	384,234,113.62

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Items	As at December 31, 2023	As at December 31, 2022
Less: unrecognized financing charges	78,485,473.62	83,544,335.95
Non-current liabilities reclassified to maturity within one year	122,065,276.52	115,846,562.59
Net lease liabilities	229,988,566.36	184,843,215.08

5.42 Long-term payables

Items	As at December 31, 2023	As at December 31, 2022
Long-term payables		
Special payables	240,000.00	240,000.00
Total	240,000.00	240,000.00

5.42.1 Special payables

Items	As at December 31, 2022	Increase in 2023	Decrease in 2023	As at December 31, 2023	Forming reason
Budget for energy conservation and emission reduction from central state capital operations	140,000.00			140,000.00	Not yet used up
Urban light rail vehicle AC transmission project funding	100,000.00			100,000.00	Not yet used up
Total	240,000.00			240,000.00	

5.43 Long-term Employee benefit payable

Items	As at December 31, 2023	As at December 31, 2022
Post-employment benefits -net liabilities of defined benefit plans		
Dismissal benefits	832,872,411.77	811,389,952.61
Other long-term benefits	220,666,864.64	236,436,982.96
Total	1,053,539,276.41	1,047,826,935.57

5.44 Provisions

Items	As at December 31, 2022	As at December 31, 2023	Forming reason
Cost of disposal			
Provide external guarantee			
Pending litigation	6,718,482.46	1,252,318.37	The dispute has not yet been decided
Product quality assurance	3,506,635,199.17	3,718,974,285.09	Estimated expenditure for product quality assurance
Obligation to restructure			

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Items	As at December 31, 2022	As at December 31, 2023	Forming reason
Loss contracts to be executed	2,843,835,504.10	1,469,912,211.78	Loss contracts to be executed and the portion of expected future losses in execution
Others	276,391,647.86	236,585,303.24	Expect late delivery penalty
Total	6,633,580,833.59	5,426,724,118.48	

5.45 Deferred income

Item	As at December 31, 2022	Increase in 2023	Decrease in 2023	As at December 31, 2023	Forming reason
Government grants related to assets	270,813,223.50	47,737,750.00	55,938,115.16	262,612,858.34	See Table 1 for details
Government grants related to income	60,954,145.00	144,610,720.43	103,175,472.99	102,389,392.44	See Table 1 for details
Others	6,406,526.63	355,000.00	6,433,884.67	327,641.96	
Total	338,173,895.13	192,703,470.43	165,547,472.82	365,329,892.74	

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5.45.1 Deferred income related to government subsidies

Items of liabilities	As at December 31, 2022	Amount of new subsidy in this period	The amount of non-operating income is included in the current period	Amount of other income transferred in the current period	Write down the amount of costs and expenses in the current period	Other changes	As at December 31, 2023	Asset-related/income-related
VAT refund for third-tier enterprises	155,046,802.44			19,221,496.66			135,825,305.78	Related to assets
Project infrastructure construction support funds	83,689,584.74	11,630,000.00		14,294,930.86			81,024,653.88	Related to assets
Research grants	6,754,707.42	2,102,750.00		5,339,407.42			3,518,050.00	Related to assets
Appropriation for technical transformation	10,647,832.84			2,113,067.25			8,534,765.59	Related to assets
Financial subsidies	3,764,545.74	33,880,000.00		12,677,886.21			24,966,659.53	Related to assets
Other Grants	10,909,750.32	125,000.00		2,291,326.76			8,743,423.56	Related to assets
VAT refund for third-tier enterprises								Related to earnings
Project infrastructure construction support funds								Related to earnings
Research grants	55,435,540.84	138,675,612.95		85,118,782.15		12,510,544.53	96,481,827.11	Related to earnings
Appropriation for technical transformation		660,000.00		660,000.00				Related to earnings
Financial subsidies	1,565,241.09	3,102,373.12		2,889,351.66			1,778,262.55	Related to earnings
Other Grants	3,953,363.07	2,172,734.36		832,000.00		1,164,794.65	4,129,302.78	Related to earnings
Total	331,767,368.50	192,348,470.43		145,438,248.97		13,675,339.18	365,002,250.78	

5.46 share capital

Investor name	As at December 31, 2022		Increase in 2023	Decrease in 2023	As at December 31, 2023	
	Investment amount	Proportion (%)			Investment amount	Proportion (%)
DongFang Electric Corporation	1,727,919,826.00	55.40	3,460,000.00		1,731,379,826.00	55.52
A-share shareholder	1,050,887,971.00	33.70		3,734,000.00	1,047,153,971.00	33.58
H share shareholder	340,000,000.00	10.90			340,000,000.00	10.9
Total	3,118,807,797.00	100.00	3,460,000.00	3,734,000.00	3,118,533,797.00	100.00

Description of changes in share capital:

1. On December 28, 2022, the 21st session of the tenth Board of Directors of the Company reviewed and passed the "Motion on Repurchasing and cancelling some Restricted Shares" and other motions, and the Board of Directors deliberated and decided to repurchase and cancel all the restricted shares granted but not yet lifted by 13 incentive objects, totaling 274,000 shares. After the completion of this cancellation, the registered capital will be reduced by RMB274,000.
2. During the year, Dongfang Electric Corporation increased its holdings of 3,460,000 A-shares of the company through centralized bidding trading through the trading system of Shanghai Stock Exchange.

5.47 Capital reserves

Items	As at December 31, 2022	Increase in 2023	Decrease in 2023	As at December 31, 2023
Capital (share capital) premium	11,477,979,314.36	6,176,338.55	91,101,561.12	11,387,054,091.79
Other capital reserves	172,977,306.75		24,771.68	178,952,535.07
Total	11,650,956,621.11	6,176,338.55	91,126,332.80	11,566,006,626.86

Note:

1. This year, the Company repurchased and cancelled some restricted shares, reducing the capital reserve - capital premium of RMB 1,182,310.00;
2. This year, the company confirmed the payment of shares and increased the capital reserve - capital premium of RMB 6,176,338.55;
3. Changes in the equity of Dongfang Electric (Chengdu) Hydrogen Fuel Cell Technology Co., LTD., a subsidiary of Dongfang Boiler, a subsidiary of the Company, after deducting the impact of cross-shareholdings of the Company, a reduction in capital reserve - capital premium of RMB77,076,619.94 was recognized;
4. Dongfang Electric Hydrogen Energy (Chengdu) Co., LTD., a subsidiary of Dongfang Boiler, a subsidiary of

the Company, whose minority shareholders enjoy part of the capital reserve, recognized the reduction of capital reserve - capital premium of RMB190,918.65 at the level of the merger of the Company;

5. Henan Dongfang Boiler Chengfa Environmental Protection Equipment Co., LTD., a subsidiary of the Company's subsidiary Dongfang Boiler, reduced its capital reserves and recognized a reduction in other capital reserves of 24,771.68 yuan at the level of the merger of the Company;

6. Dongfang Research Institute, a subsidiary of the Company, merged Dongfang Electric Jieneng Technology Chengdu Co., LTD under the same control, and recognized the reduction of capital reserve - capital premium of RMB9,414,700.00 at the merger level of the Company;

7. the change in the capital increase equity of the Company's subsidiary Dongfang Research Institute confirms the reduction of capital reserve - capital premium of RMB3,237,012.53.

5.48 Treasury stock

Items	As at December 31, 2022	Increase in 2023	Decrease in 2023	As at December 31, 2023
Repurchase plan for restricted stock incentive	112,550,221.81		1,456,310.00	111,093,911.81
Total	112,550,221.81		1,456,310.00	111,093,911.81

Treasury stock description:

On December 28, 2022, the 21st session of the 10th Board of Directors and the 12th session of the 10th Board of Supervisors of the Company examined and approved the Proposal on the Repurchase and Cancellation of Part of restricted Shares and other proposals. The repurchase and cancellation of restricted shares involved 13 people, with a total of 274,000 restricted shares repurchased and cancelled.

Due to the above repurchase and cancellation of restricted stock, the Treasury stock was reduced by RMB 1,456,310.00.

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5.49 Other comprehensive income

Items	As at December 31, 2022	Amount for the current period						As at December 31, 2023
		Amount incurred before current income tax	Less: other comprehensive income recorded in the previous period is transferred to profit and loss in the current period	Less: Income tax expense	Net profit attributable to shareholders of the company	Net profit attributable to minority shareholders	Less: other comprehensive income recorded in the previous period is transferred to retained earnings in the current period	
1. Other comprehensive income that cannot be reclassified into profit and loss	23,525,430.61	-151,444,547.04		-22,716,682.06	-118,249,416.77	-10,478,448.21		-94,723,986.16
Including: re-measure the change of set benefit plan								
Other comprehensive income that cannot be converted into profit and loss under the equity method								
Changes in fair value of other equity instrument investments	23,525,430.61	-151,444,547.04		-22,716,682.06	-118,249,416.77	-10,478,448.21		-94,723,986.16
Changes in the fair value of the enterprise's own credit risk								
Other changes								
2. Other comprehensive income reclassified into profit and loss	-23,262,478.30	-10,223,729.59	377,126.26	-114,318.46	-11,967,719.26	1,481,181.87		-35,230,197.56
Including: other comprehensive income that can be converted into profit or loss under the equity method	693,905.79	400,195.57			365,374.29	34,821.28		1,059,280.08
Changes in fair value of other debt investments								

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Items	As at December 31, 2022	Amount for the current period						As at December 31, 2023
		Amount incurred before current income tax	Less: other comprehensive income recorded in the previous period is transferred to profit and loss in the current period	Less: Income tax expense	Net profit attributable to shareholders of the company	Net profit attributable to minority shareholders	Less: other comprehensive income recorded in the previous period is transferred to retained earnings in the current period	
The amount of financial assets reclassified into other comprehensive income								
Other debt investment credit impairment provisions	1,329,721.87	-1,622,657.30	-174,807.52	-114,318.46	-1,333,531.32			-3,809.45
Cash flow hedge reserve								
Differences on translation of foreign currency financial statements	-25,286,105.96	-9,001,267.86	551,933.78		-10,999,562.23	1,446,360.59		-36,285,668.19
Other changes								
Total other comprehensive income	262,952.31	-161,668,276.63	377,126.26	-22,831,000.52	-130,217,136.03	-8,997,266.34		-129,954,183.72

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5.50 Special purpose reserve

Items	As at December 31, 2022	Increase in 2023	Decrease in 2023	As at December 31, 2023
Work safety expenses	129,425,897.03	109,613,214.51	112,645,149.06	126,393,962.48
Total	129,425,897.03	109,613,214.51	112,645,149.06	126,393,962.48

5.51 Surplus reserves

Items	As at December 31, 2022	Increase in 2023	Decrease in 2023	As at December 31, 2023
Statutory surplus reserves	1,201,503,540.86	135,629,278.06		1,337,132,818.92
Discretionary surplus reserves				
Reserve funds				
Enterprise development funds				
Others				
Total	1,201,503,540.86	135,629,278.06		1,337,132,818.92

5.52 Undistributed profit

Items	Amount for the current period	Amount for the previous period
Retained profit at the end of the previous year before adjustment	19,003,660,394.74	16,976,316,664.38
Total adjustment to retained profit at the beginning of the year ("+" for increase and "-" for decrease)		2,265,482.26
Retained profit at the beginning of the year after adjustment	19,003,660,394.74	16,978,582,146.64
Plus: Net profit attributable to the shareholders of the company for the period	3,550,393,576.32	2,857,898,505.21
Less: Withdrawal of statutory surplus reserves	135,629,278.06	114,571,656.23
Withdrawal of discretionary surplus reserves		
Common stock dividends payable	1,080,548,016.21	718,248,600.88
Common stock dividends transferred to share capital		
Others		
Retained profit at the end of the period	21,337,876,676.79	19,003,660,394.74

5.53 Operating income and operating costs

5.53.1 Operating income and operating cost

Items	Amount incurred in the current period		Amount incurred in the previous period	
	Revenue	Expenses from costs/interest/Expenses from handling charges and commissions	Revenue	Expenses from costs/interest/Expenses from handling charges and commissions
Primary business	59,194,976,198.96	49,081,331,723.89	53,668,402,765.74	45,096,012,457.89
Other business	371,550,384.82	171,836,408.78	521,299,944.07	157,047,840.69
Interest income	1,108,245,427.30	31,964,932.11	1,171,721,197.95	102,851,963.82
Fee and commission income	1,841,384.74	1,365,320.87	2,358,542.30	1,431,949.73
Total	60,676,613,395.82	49,286,498,385.65	55,363,782,450.06	45,357,344,212.13

5.53.2 Sector and product revenue

Items	Amount for the current period		Amount for the previous period	
	Revenue	Cost	Revenue	Cost
Renewable energy equipment	13,837,886,523.69	12,198,909,580.76	14,913,928,738.85	12,965,119,410.99
Including:				
Wind power	10,840,486,805.60	9,762,918,876.11	12,193,461,986.69	10,741,473,336.77
Water and electricity	2,310,808,752.28	1,873,229,025.01	2,488,977,829.75	1,955,065,278.73
Clean and efficient energy equipment	20,589,292,229.74	16,198,623,727.61	14,684,569,729.76	11,579,674,801.05
Including:				
Nuclear power	2,902,562,871.00	2,228,606,555.53	2,056,986,710.68	1,385,451,836.54
Gas turbine	3,789,432,264.09	3,329,065,118.26	1,831,058,956.97	1,840,084,727.46
Coal power	13,897,297,094.65	10,640,952,053.82	10,796,524,062.11	8,354,138,237.05
Engineering and trade	12,022,435,152.94	10,520,944,867.66	10,539,987,531.09	9,453,213,857.69
Including:				
Project general contract	3,965,582,764.90	3,274,552,882.00	3,027,731,141.62	2,437,549,520.39
Trade	7,921,951,701.80	7,161,569,077.35	7,492,410,532.20	7,005,106,334.68
Modern manufacturing service industry	5,383,541,292.78	2,696,192,264.08	4,239,940,456.53	1,937,055,403.06
Including:				
Power station service	3,788,476,423.12	2,225,152,504.22	2,548,342,852.57	1,346,443,084.48
Financial service	1,126,383,732.87	33,330,252.98	1,184,946,194.91	104,283,913.55
Emerging growth industry	8,843,458,196.67	7,671,827,945.54	10,985,355,993.83	9,422,280,739.34
Total	60,676,613,395.82	49,286,498,385.65	55,363,782,450.06	45,357,344,212.13

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5.54 Taxes and surcharges

Items	Amount for the current period	Amount for the previous period
Urban maintenance and construction tax	83,008,683.12	93,501,906.39
House tax	61,062,936.42	59,425,719.89
Educational surtax	35,843,938.91	40,392,872.80
Stamp duty	64,057,097.38	82,949,032.30
Land use tax	32,687,417.04	29,016,776.51
Local education surcharge	23,875,525.91	26,581,379.35
Other taxes	2,933,892.41	-6,030,886.56
Total	303,469,491.19	325,836,800.68

5.55 Selling and distribution expenses

Items	Amount for the current period	Amount for the previous period
Sales and service fees	820,554,826.66	800,976,644.50
Employee compensation	557,073,976.24	509,250,293.83
Travel expenses	81,674,411.24	56,719,272.75
Others	128,203,607.41	116,508,213.32
Total	1,587,506,821.55	1,483,454,424.40

5.56 General and administrative expenses

Items	Amount for the current period	Amount for the previous period
Employee compensation	1,967,064,676.17	1,852,519,486.18
premium	16,240,941.72	20,242,579.73
Depreciation cost	241,444,058.80	240,811,224.52
Repair charge	464,148,809.77	394,196,941.74
Amortization of intangible assets	37,764,366.34	27,991,238.64
Travel expense	69,875,600.74	46,192,841.85
Production safety cost	121,757,720.24	137,114,582.07
Rental fee	34,585,959.04	23,217,110.40
Fees for hiring intermediaries	21,592,972.40	14,050,699.42
Transportation fee	27,471,578.03	27,335,937.29
Kinetic energy cost of hydropower	35,384,602.86	36,404,903.49
Property management fee	65,977,964.25	65,585,044.77
Others	300,594,031.69	231,387,155.65
Total	3,403,903,282.05	3,117,049,745.75

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5.57 Research and development expenses

Items	Amount for the current period	Amount for the previous period
Compensation for employees	1,485,775,760.73	1,337,407,323.30
Cost of materials	274,253,617.31	198,213,844.61
Test inspection, quality appraisal fees	227,716,622.51	174,290,213.00
Outsourcing fee	80,025,381.19	81,126,444.99
Depreciation expense	126,403,678.50	112,884,414.62
Tooling and die costs	46,501,782.78	34,572,081.86
Amortization of intangible assets	51,884,846.13	50,750,348.50
Travel expenses	41,192,953.76	19,524,856.19
Hydropower kinetic energy cost	20,759,743.14	23,089,646.51
Others	395,012,909.05	243,272,489.24
Total	2,749,527,295.10	2,275,131,662.82

5.58 Financial expenses

Items	Amount for the current period	Amount for the previous period
Interest expenses	64,439,100.49	79,420,015.61
Less: Interest income	120,750,779.59	42,459,728.78
Profit or loss on foreign exchange	-32,511,329.65	-112,627,395.17
Others	96,275,014.40	-22,167,391.19
Total	7,452,005.65	-97,834,499.53

5.59 Other income

(1) Other income details

Items	Amount for the current period	Amount for the previous period
Government grants	232,157,997.24	147,701,416.47
Handling charges for withdrawal of individual income tax	1,184,737.00	1,200,397.74
Advanced manufacturing enterprise value-added tax allowance	185,185,593.19	
Others	20,267,291.28	2,548,480.88
Total	438,795,618.71	151,450,295.09

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(2) Government subsidies included in other income

Items	Amount for the current period	Amount for the previous period	Related to assets, related to income
Third-line enterprise VAT refund	18,857,068.84	16,789,462.43	asset-related
Third-line enterprise VAT refund	364,427.82		Related to revenue
Scientific research allocation	17,828,239.51	13,840,890.46	asset-related
Scientific research allocation	101,047,015.48	43,952,412.72	Related to revenue
Financial subsidy	340,000.00	340,000.00	asset-related
Tax rebate	18,275,703.27	7,472,094.48	Related to revenue
Free allocation	123,898.77		asset-related
Free allocation	2,085,080.44		Related to revenue
Other appropriation	5,756,914.25	5,259,405.98	asset-related
Other appropriation	67,479,648.86	60,047,150.40	Related to revenue
Total	232,157,997.24	147,701,416.47	

5.60 Investment income

Items	Amount for the current period	Amount for the previous period
Long-term equity investment income calculated by equity method	320,691,180.02	301,765,196.11
Long-term equity investment income calculated by cost method		
Investment income from disposal of long-term equity investments	370,285,303.34	-157,669.74
Investment income during the holding period of trading financial assets	192,294.14	6,160,733.67
Investment income from the disposal of trading financial assets	-59,515,038.57	-1,499,032.98
Investment income during the holding period of other equity instrument investments	1,839,621.96	
Investment income during the holding period of debt investment	36,882,927.76	40,677,179.51
Investment income arising from debt restructuring	92,575,486.17	135,649,171.95
Others	-14,801,989.90	-2,035,500.00
Total	748,149,784.92	480,560,078.52

5.61 Exchange gain or loss

Items	Amount for the current period	Amount for the previous period
Foreign exchange income	28,240,727.60	3,072,500.69
Foreign exchange transaction expenses		
Total	28,240,727.60	3,072,500.69

5.62 Gains from changes in fair value

The source of fair value change income	Amount for the current period	Amount for the previous period
Trading financial assets	85,064,728.63	-58,816,869.44
Derivative financial assets		
Other non-current financial assets		
Transactional financial liabilities		
Derivative financial liabilities		-2,725,701.24
Investment real estate measured at fair value		
Others		
Total	85,064,728.63	-61,542,570.68

5.63 Credit impairment loss

Items	Amount for the current period	Amount for the previous period
Losses from bad debts of accounts receivable	-357,997,797.05	-63,526,381.37
Losses from bad debts of notes receivable	5,120,607.87	-60,433,749.94
Losses from impairment of receivables financing	-1,296,201.96	-2,136,673.70
Losses from bad debts of other receivables	5,047,696.62	14,357,766.75
Losses from impairment of creditor's right investments	20,829,375.00	20,694,300.00
Loss on bad debts from long-term receivables	161,545,313.87	30,984,485.38
Impairment losses on credit assets	342,426,011.12	-129,558,954.37
Impairment loss on entrusted loans		-94,932,319.92
Impairment loss on dividends receivable		7,288,939.04
Total	175,675,005.47	-277,262,588.13

5.64 Asset impairment loss

Items	Amount for the current period	Amount for the previous period
Loss from inventory depreciation	243,151,176.15	199,561,939.36
Impairment loss of contract assets	252,590,814.19	238,139,791.51
Impairment loss on contract acquisition costs		
Impairment loss of contract performance cost		
Impairment losses on assets held for sale		
Impairment losses on long-term equity investments		40,845,971.47
Impairment losses on investment real estate		
Impairment losses on fixed assets	173,835.02	1,970,733.61

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Items	Amount for the current period	Amount for the previous period
Impairment losses on productive biological assets		
Impairment losses on oil and gas properties		
Impairment loss of use-right assets		
Impairment loss of intangible assets		
Impairment loss of goodwill		
Others		19,470.31
Total	495,915,825.36	480,537,906.26

5.65 Gain on disposal of assets

Items	Amount for the current period	Amount for the previous period	Amount recorded in non-recurring profit or loss for the current period
Gains and losses on disposal of non-current assets	9,767,653.91	50,192,696.72	9,767,653.91
Total	9,767,653.91	50,192,696.72	9,767,653.91

5.66 Non-operating income

Items	Amount for the current period	Amount for the previous period	Amount recorded in non-recurring profit or loss for the current period
Government grants	470,012.39	7,530,349.21	470,012.39
Gain on disposal of non-current assets	28,136.56	1,025,194.60	28,136.56
including: fixed assets retirement profit	28,136.56	1,025,194.60	28,136.56
Accepting donations			
Various default compensation income	39,620,701.51	14,423,458.57	39,620,701.51
Others	31,286,796.23	33,556,655.64	31,286,796.23
Total	71,405,646.69	56,535,658.02	71,405,646.69

Government subsidies recorded in current profits and losses

Items	Amount for the current period	Amount for the previous period	Related to assets, related to income
Highly skilled personnel training base subsidies		3,000,000.00	Related to revenue
War industry	300,000.00		Related to revenue
Others	170,012.39	4,530,349.21	Related to revenue
Total	470,012.39	7,530,349.21	

5.67 Non-operating expenses

Items	Amount for the current period	Amount for the previous period	Amount recorded in non-recurring profit or loss for the current period
Loss on destruction and scrapping of non-current assets	7,119,892.57	1,988,285.77	7,119,892.57
Including:			
loss on scrapping of fixed assets	6,994,550.87	1,988,285.77	6,994,550.87
Loss on scrapping intangible assets	125,341.70		125,341.70
Expenditure on donations	24,269,254.00	21,635,295.72	24,269,254.00
Losses from pending litigation			
Compensation, liquidate damages and fines	4,390,512.55	24,148,529.66	4,390,512.55
Others	6,145,618.16	4,661,657.05	6,145,618.16
Total	41,925,277.28	52,433,768.20	41,925,277.28

5.68 Income tax expenses

5.68.1 Table of income tax expenses

Items	Amount for the current period	Amount for the previous period
Current income tax expense	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
Hong Kong		
Other Regions	8,602,727.11	5,346,930.12
Deferred income tax expense	56,970,303.15	5,796,519.32
Total	362,454,836.22	313,620,616.00

5.68.2 Adjustment process of accounting profits and income tax expenses

Items	Amount for the current period
Total profits	4,006,164,166.98
Income tax expense calculated at the statutory [or applicable] tax rate	600,924,625.05
The effect of different tax rates applied to subsidiaries	11,549,163.20
The effect of adjusting income tax for previous periods	-62,229,463.30
The effect of non-taxable income	-87,656,761.99
The impact of non-deductible costs, expenses and losses	94,027,576.15
The effect of using deductible losses on previously unrecognized deferred tax assets	-17,718,717.81
The effect of deductible temporary differences or deductible losses of unrecognized deferred tax assets in the current period	23,098,326.41
Changes in the balance of deferred tax assets/liabilities at the beginning of the period as a result of tax rate	

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Items	Amount for the current period
adjustments	
Others	-199,539,911.49
Income tax expense	362,454,836.22

5.69 Earnings per share

5.69.1 Basic earnings per share

Items	Amount for the current period	Amount for the previous period
Consolidated net profit attributable to common shareholders of the company	3,550,393,576.32	2,857,898,505.21
A weighted average of the company's common shares outstanding	3,118,602,297.00	3,118,958,074.58
Basic earnings per share	1.14	0.92
Including: basic earnings per share from continuing operations	1.14	0.92
Basic earnings per share from discontinued operations		

5.69.2 Diluted earnings per share

Items	Amount for the current period	Amount for the previous period
Consolidated net income attributable to common shareholders of the company (diluted)	3,550,393,576.32	2,857,898,505.21
Weighted average of the Company's outstanding ordinary shares (diluted)	3,118,602,297.00	3,118,958,074.58
Diluted earnings per share	1.14	0.92
Including: Diluted earnings per share from continuing operations	1.14	0.92
Diluted earnings per share from discontinued operations		

5.70 Cash flow statement items

5.70.1 Cash related to operating activities

(1) Other cash received relating to operating activities

Items	Amount for the current period	Amount for the previous period
Interbank certificates of deposit shall be withdrawn at maturity		1,502,123,623.08
Security deposit	2,827,180,888.69	1,340,438,686.72
Government grants	294,944,761.62	110,408,102.70
Premium subsidy	131,910,000.00	
Bidding service fee	170,813,981.54	94,111,804.90
Indemnity	95,745,637.21	98,048,892.18
Petty funds are recovered	48,082,904.41	47,490,558.57

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Items	Amount for the current period	Amount for the previous period
Interest income	273,837,291.97	40,961,671.20
Recover advance payments	21,594,068.84	24,961,750.23
Recovery of arrears	67,500,578.85	12,838,047.88
Cash received from operating leased fixed assets and investment real estate	3,900,514.25	3,978,521.16
Revenue from fines	3,686,163.67	3,694,127.17
Appropriation of funds	21,280,000.00	2,407,487.01
Others	247,393,747.52	223,782,940.23
Total	4,207,870,538.57	3,505,246,213.03

(2) Other cash paid relating to operating activities

Items	Amount for the current period	Amount for the previous period
Operating expenses	2,097,646,315.77	1,590,016,826.83
Payment of security deposit	2,745,141,288.44	1,482,860,296.67
Pay the allowance	147,558,052.57	108,201,811.27
Buy back business	1,495,111,616.42	
Others	255,940,820.18	135,061,465.70
Total	6,741,398,093.38	3,316,140,400.47

5.70.2 Cash related to investing activities

(1) Other cash received relating to investing activities

Items	Amount for the current period	Amount for the previous period
Obtain monetary funds of sub-enterprises	2,753,588.37	
Total	2,753,588.37	

(2) Other cash paid relating to investing activities

Items	Amount for the current period	Amount for the previous period
Pay for the transfer of state-owned land use rights		9,682,000.00
Investment fees		1,150.00
Investment research expenses	148,000.00	
Total	148,000.00	9,683,150.00

5.70.3 Cash related to financing activities

(1) Other cash received relating to financing activities

Items	Amount for the current period	Amount for the previous period
Discount on	376,326,577.79	
Corporation company commission loan	60,000,000.00	240,000,000.00
Total	436,326,577.79	240,000,000.00

(2) Other cash paid in connection with financing activities

Items	Amount for the current period	Amount for the previous period
Deposit bank acceptance margin	60,846,327.00	241,028,000.00
Pay the rental fee	112,976,705.97	159,853,919.03
Handling fee for dividends		274,918.73
Others	3,858,041.71	2,451,735.21
Total	177,681,074.68	403,608,572.97

5.71 Supplementary information to the statement of cash flow

5.71.1 Supplementary information to the statement of cash flows

Additional Information	Amount for the current period	Amount for the previous period
I. Adjust net profit to cash flow from operating activities		
Net profit	3,643,709,330.76	3,013,739,059.84
Plus:		
Credit impairment loss	175,675,005.47	-277,262,588.13
Provision for asset impairment	495,915,825.36	480,537,906.26
Depreciation of fixed assets and investment real estate	642,755,892.90	640,068,257.21
Depreciation of use-right assets	114,062,468.12	123,415,724.26
Amortization of intangible assets	118,532,377.15	122,007,814.79
Amortization of long-term deferred expenses	759,191.31	672,595.30
Loss on disposal of fixed assets, intangible assets and other long-term assets (gain is represented by "-" sign)	-9,767,653.91	-50,192,696.72
Loss on scrapping of fixed assets (income is represented by "-" sign)	7,119,892.57	1,988,285.77
Loss from changes in fair value (gain is represented by "-" sign)	-85,064,728.63	61,542,570.68
Financial expenses (income is represented by "-" sign)	7,452,005.65	-73,788,316.77
Investment loss (income is represented by "-" sign)	-748,149,784.92	-480,560,078.52
Decrease in deferred income tax assets (increase is marked with "-")	-19,979,003.83	-7,476,947.83

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Additional Information	Amount for the current period	Amount for the previous period
Increase in deferred income tax liabilities (decrease is represented by "-" sign)	55,814,785.26	14,351,000.66
Decrease in inventories (increase is marked with "-")	660,883,407.54	607,305,147.14
Decrease in operating receivables (increase is marked with "-")	-7,894,487,715.10	-2,445,223,523.88
Increase in operating payables (decrease is represented by "-" sign)	-661,107,518.29	6,677,449,413.80
Others		
Net cash flows from operating activities	-3,495,876,222.59	8,408,573,623.86
II. Major investment and financing activities that do not involve cash receipts and expenditures		
Conversion of debt to capital		
Convertible corporate bonds maturing within one year		
Acquire the right to use assets by assuming lease liabilities		
III. Net change in cash and cash equivalents		
The ending balance of cash	14,167,585,378.12	12,124,165,479.08
Minus: Opening balance of cash	12,124,165,479.08	16,334,453,509.91
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	2,043,419,899.04	-4,210,288,030.83

5.71.2 Composition of cash and cash equivalents

Items	As at December 31, 2023	As at December 31, 2022
I. Cash	14,167,585,378.12	12,124,165,479.08
Including: Cash on hand	895,680.60	1,026,175.33
A bank deposit readily available for payment	6,383,534,588.71	3,288,190,394.46
Other monetary funds readily available for payment	96,247,585.44	90,189,629.75
Funds deposited with the central bank that can be used for payments	690,753,806.62	246,595,533.42
Deposit interbank funds	6,996,153,716.75	8,498,163,746.12
Interbank lending		
II. Cash equivalents		
Including: bond investments maturing within three months		
III. Balance of cash and cash equivalents at the end of the period	14,167,585,378.12	12,124,165,479.08
Including: Cash and cash equivalents held but not available for use by the parent company or other subsidiaries within the Corporation		

5.72 Foreign currency monetary items

Items	Foreign currency balance at the end of the period	Exchange rate of conversion	Balance of RMB translation at the end of the period
Monetary funds			2,198,755,408.85

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Items	Foreign currency balance at the end of the period	Exchange rate of conversion	Balance of RMB translation at the end of the period
Including: USD	184,843,590.61	7.0827	1,309,191,699.21
Hong Kong dollar	158.68	0.9062	143.80
Japanese yen	5,168,019,931.27	0.0502	259,434,600.55
Euro	63,606,543.90	7.8592	499,896,549.82
Pound sterling	726.85	9.0411	6,571.53
Swiss franc	22,615.62	8.4184	190,387.35
Canadian Dollar	9.01	5.3674	48.36
Indian rupee	715,875,967.80	0.0851	60,921,044.86
Vietnamese dong	2,241,510,266.67	0.0003	672,453.08
Bosnia and Herzegovina mark	2,948,169.66	4.1667	12,284,138.51
Ethiopian Bill	15,150,921.86	0.1272	1,927,197.26
Kip, Laos	2,750,005,400.00	0.0003	825,001.62
Sri Lankan rupee	10,594,619.09	0.0220	233,081.62
Taka of Bangladesh	20,863,088.99	0.0645	1,345,669.24
Turkish lira	47,729.70	0.2405	11,479.47
Indonesian rupiah	44,947,125,380.00	0.0005	22,473,562.69
United Arab Emirates dirham	349,720.00	1.9326	675,868.88
Russian ruble	224,754.92	0.0803	18,047.82
Malaysian ringgit	33,605.40	1.5415	51,802.72
Serbian dinar	270,851.92	0.0676	18,309.59
South African rand	8,358.37	0.3819	3,192.06
Egyptian pound	5,966.46	0.2302	1,373.48
Others	15,449,778,923.68		28,573,185.33
Accounts receivable			634,307,649.31
Including: USD	79,181,387.89	7.0827	560,818,016.03
Euro	1,428,914.39	7.8592	11,230,123.97
Indian rupee	129,320,331.96	0.0851	11,005,160.25
Ethiopian Bill	23,886,433.73	0.1272	3,038,354.37
Indonesian rupiah	93,483,704,580.00	0.0005	46,741,852.29
Others	21,380,240.94		1,474,142.40
Other receivables			37,981,088.74
Including: USD	5,028,374.43	7.0827	35,614,467.55
Indian rupee	16,612,274.97	0.0851	1,413,704.60
Indonesian rupiah	138,370,380.00	0.0005	69,185.19
Egyptian pound	28,277.85	0.2302	6,509.56
Others	52,464,068.58		877,221.84
Accounts payable			329,021,712.04
Including: USD	12,226,329.15	7.0827	86,595,421.47

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Items	Foreign currency balance at the end of the period	Exchange rate of conversion	Balance of RMB translation at the end of the period
Hong Kong dollar	752,360.22	0.9062	681,788.83
Japanese yen	3,522,633,754.38	0.0502	176,836,214.47
Euro	7,219,072.20	7.8592	56,736,132.21
Pound sterling	40,183.84	9.0411	363,306.09
Swiss franc	433,302.34	8.4184	3,647,712.41
Indian rupee	47,984.02	0.0851	4,083.44
Turkish lira	13,661.00	0.2405	3,285.47
Indonesian rupiah	3,628,538,660.00	0.0005	1,814,269.33
Russian ruble	161,818.43	0.0803	12,994.02
Others	3,678,917,509.84		2,326,504.30
Other payables			36,593,158.69
Including: USD	4,814,899.38	7.0827	34,102,487.82
Hong Kong dollar	16,153.83	0.9062	14,638.60
Euro	59,061.86	7.8592	464,178.95
Indian rupee	12,789,523.03	0.0851	1,088,388.41
Taka of Bangladesh	3,661,639.84	0.0645	236,175.77
Indonesian rupiah	1,045,455,160.00	0.0005	522,727.58
Egyptian pound	4,391.53	0.2302	1,010.93
Others	59,887,154.18		163,550.63

6 Changes in the scope of consolidation

6.1 Merger of enterprises not under the same control

6.1.1 Merger of enterprises not under the same control occurred in the current period

Name of the purchaser	Time of equity acquisition	Cost of equity acquisition	Equity acquisition ratio (%)	Method of equity acquisition	Date of purchase	The basis for determining the purchase date	Income of the purchaser from the date of purchase to the end of the period	Net profit of the acquiree from the purchase date to the end of the period	Cash flow from the purchase date to the end of the period
Dongfang Electric (Xichang) Hydrogen Energy Co., LTD.	November 2023	4,958,643.91	66.00	Agreement change of control	November 2023	Articles of Association		1,154,374.61	1,598,757.43

6.1.2 Combined costs and goodwill

	Dongfang Electric (Xichang) Hydrogen Energy Co., LTD.
Cost of consolidation	4,958,643.91

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	Dongfang Electric (Xichang) Hydrogen Energy Co., LTD.
- Cash	
-- Fair value of non-cash assets	
-- Fair value of debt issued or assumed	
-- Fair value of equity securities issued	
- Fair value of contingent consideration	
-- Fair value of equity held prior to the purchase date on the purchase date	4,958,643.91
-- Others	
Total consolidated costs	4,958,643.91
Less: share of fair value of identifiable net assets acquired	
The amount by which the goodwill/combination cost is less than the fair value share of the identifiable net assets acquired	

Note:

The company's subsidiaries Dongfang Boiler and Dongfang Hydrogen Energy jointly invested and established Dongfang Electric (Xichang) Energy Co., Ltd. with Xichang State-owned Assets Management Co., Ltd. on February 28, 2019, holding 50.00% and 16.00% shares respectively after the completion of the investment.

The relevant provisions of the original articles of association of Dongfang Electric (Xichang) Hydrogen Energy Co., LTD. (hereinafter referred to as Dongfang Xichang Hydrogen Energy): "The 15th decision on the company's business policy and investment plan, the review and approval of the report of the board of directors, the review and approval of the annual financial budget plan and final account plan, the review and approval of the company's profit distribution plan and loss recovery plan shall be approved by the shareholders with more than two-thirds of the voting rights (excluding this amount)". According to the articles of association, the company has no control over Dongfang Xichang Hydrogen Energy, so Dongfang Xichang Hydrogen Energy will not be included in the scope of merger before 2023.

In November 2023, the Company and Xichang State-owned Assets Management Co., Ltd. reached an agreement through consultation and amended the articles of association as follows: "Except for the amendment of the articles of association, investment and external guarantee, merger and division of the company, profit distribution, dissolution, liquidation or change of the form of the company, other matters requiring resolutions of the shareholders' meeting shall be approved by voting of shareholders representing more than half of the voting rights." Combined with the fact that the company leads the daily production and operation of Dongfang Xichang Hydrogen Energy and the voting rights it has in the shareholders' meeting, company judged that it has controlled Dongfang Xichang Hydrogen Energy control and brought it into the scope of merger.

6.1.3 The purchaser can identify the assets and liabilities on the purchase date

	Xichang hydrogen energy	
	Fair value on purchase date	Book value on purchase date
Assets:	17,466,865.93	17,466,865.93
Monetary fund	2,182,480.59	2,182,480.59
Accounts receivable	138,600.00	138,600.00
Inventory of goods		
Fixed assets	11,576,647.34	11,576,647.34
Intangible assets	3,569,138.00	3,569,138.00
Total liabilities:	9,953,769.08	9,953,769.08
Borrowing money		
Payments payable	9,953,769.08	9,953,769.08

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	Xichang hydrogen energy	
	Fair value on purchase date	Book value on purchase date
Deferred tax liabilities		
Net assets	7,513,096.85	7,513,096.85
Less: Minority shareholders' equity		
Net assets acquired	7,513,096.85	7,513,096.85

6.2 Merger of enterprises under the same control

6.2.1 Enterprise mergers under the same control occurring in the current period

Name of the merged party	Proportion of equity interests acquired in business combination	Constitute the basis for the merger of enterprises under the same control	Date of consolidation	Basis for determination of the merger date	Revenue of the merged party from the beginning of the consolidated period to the consolidated date	Net profit of the merged party from the beginning of the current period to the merger date	Revenue of the merged party during the comparison period	Net profit of the merged party during the comparison period
Dongfang Jieneng	100.00	The ultimate control party is Dongfang Electric Corporation	2023/12/26	Change of control	5,200,448.04	248,791.62	10,642,321.10	2,304,998.41

6.2.2 Merger costs

	Dongfang Electric Corporation
Cash in hand	9,414,700.00
The carrying amount of non-cash assets	
Book value of debt issued or assumed	
The face value of equity securities issued	
Contingent consideration	
Total consolidated costs	9,414,700.00

6.2.3 Book value of assets and liabilities of the merged party on the merger date

Items	Dongfang Electric Jieneng Technology Chengdu Co. LTD	
	Date of consolidation	At the end of the previous period
Assets:	91,736,862.16	14,619,098.33
Including: Monetary funds	8,439,156.10	7,910,310.46
Accounts receivable	1,577,445.00	3,694,606.75
Inventory of goods		245,319.26

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Items	Dongfang Electric Jieneng Technology Chengdu Co. LTD	
	Date of consolidation	At the end of the previous period
Fixed assets	176,283.99	158,418.16
liabilities:	2,578,323.90	4,556,852.48
Including: Loans		
Payments payable	2,552,975.50	4,056,045.26
Net assets	89,158,538.26	10,062,245.85
Less: Minority shareholders' equity		
Net assets acquired	89,158,538.26	7,952,609.37

6.3 Changes in the scope of consolidation for other reasons

Serial number	Name of the Company	Form/loss of control	Net assets at the end of the period	Net profit for the period
1	Fujian Dongfu New Energy Co. LTD	Invest in subsidiarie		
2	Dongfang Electric Wind Power (Hami) Co., LTD.	Invest in subsidiarie		
3	Dongfang Electric Wind Power (Guiyang) Co. LTD	Invest in subsidiarie		
4	Dongfang Electric Wind Power (Baotou) Co., LTD	Invest in subsidiarie		
5	Dongnengsheng Wind Power (Heihe) Co. LTD	Invest in subsidiarie		
6	Wuchuan Dongneng New Energy Technology Co. LTD	Invest in subsidiarie		
7	Dongfang Wind Power (Burjin) New Energy Co. LTD	Invest in subsidiarie		
8	Dongfang Wind Power (Tangshan) New Energy Co., LTD	Invest in subsidiarie		
9	Dongfang Wind Power (Qingxian) New Energy Co. LTD	Invest in subsidiarie		
10	Dongfang Wind Power (Ruoqiang) New Energy Co. LTD	Invest in subsidiarie		
11	Hainan Yangpu Offshore Wind Power Industry Development Co. LTD	Invest in subsidiarie	83,435,244.18	-139,755.82
12	Dongfang Wind Power (Zhangzhou) New Energy Co., LTD	Invest in subsidiarie		
13	Dongtang (Tangshan Caofeidian District) New Energy Co., LTD	Invest in subsidiarie		
14	Mengcheng Donghua New Energy Technology Co. LTD	Invest in subsidiarie		
15	Dongqing (Geermu) New Energy Co. LTD	Invest in subsidiarie		
16	Dongfang Electric (Jiuquan) Energy Technology Co. LTD	Invest in subsidiarie	5,000,041.67	41.67
17	Dongfang Electric (Xichang) Hydrogen Energy Co., LTD	Invest in subsidiarie	8,667,471.46	90,289.98
18	Dongfang Electric Hydrogen Energy (Haixi) Co. LTD	Invest in subsidiarie		
19	Dongfang Electric Hydrogen Energy (Panzhihua) Co. LTD	Invest in subsidiarie		
20	Dongfang Electric Yangtze River Delta (Hangzhou) Innovation Research Institute Co. LTD	Invest in subsidiarie	40,996,781.37	653,884.20
21	Dongfang Electric Jieneng Technology Chengdu Co., LTD	Merger under the same control	89,158,538.26	248,791.62

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Serial number	Name of the Company	Form/loss of control	Net assets at the end of the period	Net profit for the period
22	Dongfang Electric Fine Electronic Materials (Deyang) Co. LTD	Invest in subsidiarie	80,000,000.00	
23	Dechang Dongneng New Energy Co., LTD	Wrote off		
24	Fuyang Dongfang Electric Hydrogen Energy Co. LTD	Wrote off		
25	Deyang Dongfang Aberle System Co., LTD	Wrote off		

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7. Rights and interests in other entities

7.1 Interest in subsidiaries

7.1.1 Composition of enterprise groups

Name of subsidiary	Paid-in capital (ten thousand yuan)	Type of enterprise	Principal place of business	Place of incorporation	Nature of business	Percentage of shareholding (%)		Method of acquisition
						direct	indirect	
Dongfang Electric Wind Power Co.,LTD.	43,812.16	Company Limited	Deyang, Sichuan	Deyang, Sichuan	Electrical machinery and equipment manufacturing	41.19	38.25	Establishment of investment
Dongfang Electrical (Tianjin) Wind Power Technology Co., LTD.	52,440.78	Company Limited	Tianjin, China	Tianjin, China	Production		100.00	Establishment of investment
Tianjin Dongqi Wind Turbine Blade Engineering Co., LTD.	15,986.96	Company Limited	Tianjin, China	Tianjin, China	Production		85.00	Establishment of investment
Dongfang Electric Wind Power (Liangshan) Co., LTD.	2,300.00	Company Limited	Liangshan, Sichuan	Liangshan, Sichuan	Production		100.00	Establishment of investment
Dongfang Electric Wind Power (Fujian) Co., LTD.	4,500.00	Company Limited	Fujian Province	Fujian Province	Power generation equipment		100.00	Establishment of investment
Dongfang Electric Wind Power (Xing'an League) Co., LTD.	6,400.00	Company Limited	Xingan League	Xingan League	Manufacture		100.00	Establishment of investment
Dongfang Electric Wind Turbine Blade (Xing'an League) Co., LTD.	6,000.00	Company Limited	Xingan League	Xingan League	Power generation equipment		100.00	Establishment of investment
Dongfang Electric Wind Power (Shandong) Co., LTD.	23,000.00	Company Limited	Shandong Province	Shandong Province	Manufacture		55.00	Establishment of investment
Dongfang Electric Xinneng Technology (Chengdu) Co., LTD.	5,000.00	Company Limited	Chengdu, Sichuan Province	Chengdu, Sichuan Province	Power generation equipment		100.00	Establishment of investment
Dongfang Three Gorges (Jiangsu) Smart Energy Co. LTD	1,690.00	Company Limited	Nantong, Jiangsu Province	Nantong, Jiangsu Province	Manufacture		46.00	Establishment of investment

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Name of subsidiary	Paid-in capital (ten thousand yuan)	Type of enterprise	Principal place of business	Place of incorporation	Nature of business	Percentage of shareholding (%)		Method of acquisition
						direct	indirect	
Dongji Energy Technology (Tongyu) Co., LTD.		Company Limited	Baicheng, Jilin Province	Baicheng, Jilin Province	Power generation equipment		100.00	Establishment of investment
Dongji Shuanggang Wind Power (Tongyu) Co., LTD.		Company Limited	Baicheng, Jilin Province	Baicheng, Jilin Province	Manufacture		100.00	Establishment of investment
Dongfang Electric (Jiuquan) Wind Power Equipment Co., LTD.	5,500.00	Company Limited	Jiuquan, Gansu Province	Jiuquan, Gansu Province	Science and technology promotion and application services		100.00	Establishment of investment
Jiuquan Dongsu New Energy Co., LTD.	14,000.00	Company Limited	Jiuquan, Gansu Province	Jiuquan, Gansu Province	Power generator and		100.00	Establishment of investment
Jiuquan Dongsu Mazongshan New Energy Co., LTD.	14,000.00	Company Limited	Jiuquan, Gansu Province	Jiuquan, Gansu Province	Generating set		100.00	Establishment of investment
Dongfang Electric (Guangyuan) New Energy Co., LTD.	500.00	Company Limited	Guangyuan, Sichuan	Guangyuan, Sichuan	Manufacture		100.00	Establishment of investment
Dongfang Electric (Guangdong) Wind Power Equipment Co., LTD.	1,100.00	Company Limited	Yangjiang, Guangdong	Yangjiang, Guangdong	Power generator and		100.00	Establishment of investment
Dongfang (Shandong) Wind Power Equipment Manufacturing Co., LTD.		Company Limited	Binzhou, Shandong Province	Binzhou, Shandong Province	Generating set		100.00	Establishment of investment
Dongfang Electric (Yanyuan) New Energy Equipment Co., LTD.	1,000.00	Company Limited	Liangshan, Sichuan	Liangshan, Sichuan	Manufacture		65.00	Establishment of investment
Dongfang Wind Power (Liangshan) New Energy Co., LTD.	100.00	Company Limited	Liangshan, Sichuan	Liangshan, Sichuan	Power generator and		100.00	Establishment of investment
Xinjiang Dongfang Wind Power New Energy Co., LTD.	3,000.00	Company Limited	Changji, Xinjiang	Changji, Xinjiang	Generating set		100.00	Establishment of investment
Mulei East New Energy Co., LTD.		Company Limited	Changji, Xinjiang	Changji, Xinjiang	Manufacture		100.00	Establishment of investment
Dongfang Electric Wind Power (Nanjing) Co., LTD.		Company Limited	Nanjing, Jiangsu Province	Nanjing, Jiangsu Province	Power generator and		50.00	Establishment of investment
Dongnengsheng Wind Power (Heihe) Co., LTD.		Company Limited	Heihe, Heilongjiang Province	Heihe, Heilongjiang Province	Generating set		60.00	Establishment of investment

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Name of subsidiary	Paid-in capital (ten thousand yuan)	Type of enterprise	Principal place of business	Place of incorporation	Nature of business	Percentage of shareholding (%)		Method of acquisition
						direct	indirect	
Wuchuan County Dongneng New Energy Technology Co., LTD.		Company Limited	Zunyi, Guizhou Province	Zunyi, Guizhou Province	Manufacture		70.00	Establishment of investment
Yumen Dongyu New Energy Co., LTD.	4,500.00	Company Limited	Jiuquan, Gansu Province	Jiuquan, Gansu Province	Power generator and		100.00	Establishment of investment
Inner Mongolia Dongfang Wind power New Energy Co., LTD	500.00	Company Limited	Inner Mongolia	Inner Mongolia	Generating set		100.00	Establishment of investment
Fujian Dongfu New Energy Co., LTD.		Company Limited	Fuzhou, Fujian Province	Fuzhou, Fujian Province	Manufacture		100.00	Establishment of investment
Dongfang Electric Wind Power (Hami) Co., LTD.		Company Limited	Hami, Xinjiang	Hami, Xinjiang	Power generator and		100.00	Establishment of investment
Dongfang Electric Wind Power (Guiyang) Co., LTD.		Company Limited	Guiyang, Guizhou Province	Guiyang, Guizhou Province	Generating set		100.00	Establishment of investment
Dongfang Electric Wind Power (Baotou) Co., LTD.		Company Limited	Baotou, Inner Mongolia	Baotou, Inner Mongolia	Manufacture		100.00	Establishment of investment
Dongfang Wind Power (Buerjin) New Energy Co., LTD.		Company Limited	Altay, Xinjiang	Altay, Xinjiang	Power generator and		100.00	Establishment of investment
Dongfang Wind Power (Tangshan) New Energy Co., LTD.		Company Limited	Tangshan, Hebei Province	Tangshan, Hebei Province	Generating set		100.00	Establishment of investment
Dongfang Wind Power (Qingxian) New Energy Co., LTD.		Company Limited	Cangzhou, Hebei Province	Cangzhou, Hebei Province	Manufacture		100.00	Establishment of investment
Dongfang Wind Power (Ruoqiang) New Energy Co., LTD.		Company Limited	Bayingoling Mongolian Autonomous Prefecture, Xinjiang	Bayingoling Mongolian Autonomous Prefecture, Xinjiang	Power generator and		100.00	Establishment of investment
Hainan Yangpu Offshore Wind Power Industry Development Co., LTD.	8,357.50	Company Limited	Danzhou, Hainan Province	Danzhou, Hainan Province	Generating set		55.00	Establishment of investment
Dongfang Wind Power (Zhangzhou) New Energy Co., LTD.		Company Limited	Zhangzhou, Fujian	Zhangzhou, Fujian	Manufacture		80.00	Establishment of investment

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Name of subsidiary	Paid-in capital (ten thousand yuan)	Type of enterprise	Principal place of business	Place of incorporation	Nature of business	Percentage of shareholding (%)		Method of acquisition
						direct	indirect	
Dongtang (Tangshan Caofeidian District) New Energy Co., LTD		Company Limited	Tangshan, Hebei Province	Tangshan, Hebei Province	Power generator and		51.00	Establishment of investment
Mengcheng Donghua New Energy Technology Co. LTD		Company Limited	Bozhou, Anhui Province	Bozhou, Anhui Province	Generating set		40.00	Establishment of investment
Dongqing (Geermu New Energy Co. LTD		Company Limited	Golmud City, Haixi Mongolian and Tibetan Autonomous Prefecture, Qinghai Province	Golmud City, Haixi Mongolian and Tibetan Autonomous Prefecture, Qinghai Province	Manufacture		100.00	Establishment of investment
Dongfang Electric Machinery Co. LTD	341,569.33	Company Limited	Deyang, Sichuan	Deyang, Sichuan	Power generator and	91.86	-	Establishment of investment
Dongfang Electric (Deyang) Motor Technology Co. LTD	18,000.00	Company Limited	Deyang, Sichuan	Deyang, Sichuan	Generating set		90.00	Establishment of investment
Dongfang Electric (Guangdong) Energy Technology Co. LTD	20,000.00	Company Limited	Yangjiang, Guangdong	Yangjiang, Guangdong	Manufacture		100.00	Establishment of investment
Dongfang Electric (Shandong) Energy Technology Co., LTD	20,000.00	Company Limited	Deyang, Sichuan	Deyang, Sichuan	Power generator and		100.00	Establishment of investment
Dongfang Electric (Jiuquan) Energy Technology Co. LTD	20,000.00	Company Limited	Jiuquan, Gansu Province	Jiuquan, Gansu Province	Generating set		100.00	Establishment of investment
Dongfang Electric Corporation Dongfang Boiler Co. LTD	189,278.18	Company Limited	Zigong, Sichuan Province	Zigong, Sichuan Province	Manufacture	96.79		Establishment of investment
Dongfang Kaiterui (Chengdu) Environmental Technology Co., LTD.	23,555.49	Company Limited	Chengdu, Sichuan Province	Chengdu, Sichuan Province	Power generator and		60.95	Establishment of investment
Henan Dongfang Boiler Chengfa Environmental Protection Equipment Co., LTD	2,480.00	Company Limited	Jiaozuo, Henan Province	Jiaozuo, Henan Province	Generating set		80.00	Establishment of investment

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Name of subsidiary	Paid-in capital (ten thousand yuan)	Type of enterprise	Principal place of business	Place of incorporation	Nature of business	Percentage of shareholding (%)		Method of acquisition
						direct	indirect	
Dongfang Electric Hydrogen Energy (Anhui) Co. LTD	3,000.00	Company Limited	Fuyang, Anhui Province	Fuyang, Anhui Province	Manufacture		90.00	Establishment of investment
Dongfang Electric Hydrogen Energy (Ya 'an) Co., LTD	100.00	Company Limited	Ya 'an, Sichuan	Ya 'an, Sichuan	Power generator and		66.00	Establishment of investment
Dongfang Electric Hydrogen Energy (Chengdu) Co. LTD	19,337.34	Company Limited	Chengdu, Sichuan Province	Chengdu, Sichuan Province	Generating set		69.63	Establishment of investment
Dongfang Electric Guoxin Hydrogen Energy (Deyang) Co. LTD	1,700.00	Company Limited	Deyang, Sichuan	Deyang, Sichuan	Manufacture		51.00	Establishment of investment
Dongfang Electric (Neijiang) Hydrogen Energy Co., LTD	100.00	Company Limited	Neijiang River, Sichuan	Neijiang River, Sichuan	Power generator and		51.00	Establishment of investment
Dongfang Electric Hydrogen Energy (Guiyang) Co. LTD	51.00	Company Limited	Guiyang, Guizhou Province	Guiyang, Guizhou Province	Generating set		51.00	Establishment of investment
Dongfang Tourmaline Hydrogen Energy (Liangshan) Co. LTD		Company Limited	Liangshan, Sichuan	Liangshan, Sichuan	Manufacture		50.00	Establishment of investment
Dongfang Electric (Chengdu) Hydrogen Energy Technology Co., LTD	25,563.40	Company Limited	Chengdu, Sichuan Province	Chengdu, Sichuan Province	Production and supply of electricity and heat	26.58	26.82	Merger of enterprises under the same control
Dongfang Electric (Xichang) Hydrogen Energy Co., LTD	1,000.00	Company Limited	Liangshan, Sichuan	Liangshan, Sichuan	Science and technology promotion and application services		66.00	Merger of enterprises not under the same control
Jiangsu Dongchuang Hydrogen Energy Technology Co. LTD	500.00	Company Limited	Suzhou, Jiangsu Province	Suzhou, Jiangsu Province	Power generator and		60.00	Establishment of investment
Dongfang Electric (Beijing) Hydrogen Energy Technology Co. LTD	1,000.00	Company Limited	Beijing, China	Beijing, China	Generating set		100.00	Establishment of investment

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Name of subsidiary	Paid-in capital (ten thousand yuan)	Type of enterprise	Principal place of business	Place of incorporation	Nature of business	Percentage of shareholding (%)		Method of acquisition
						direct	indirect	
Dongfang Electric (Anhui) Hydrogen Fuel Cell Technology Co. LTD	100.00	Company Limited	Fuyang, Anhui Province	Fuyang, Anhui Province	Manufacture		100.00	Establishment of investment
Dongfang Electric (Hebei) Hydrogen Energy Technology Co. LTD	500.00	Company Limited	Tangshan, Hebei Province	Tangshan, Hebei Province	Power generator and		100.00	Establishment of investment
Dongfang Electric (Fujian) Hydrogen Energy Technology Co. LTD	200.00	Company Limited	Fuzhou, Fujian Province	Fuzhou, Fujian Province	Generating set		100.00	Establishment of investment
Dongfang Electric Hydrogen Energy (Haixi) Co. LTD		Company Limited	Golmud, Qinghai Province	Golmud, Qinghai Province	Manufacture		100.00	Establishment of investment
Dongfang Electric Hydrogen Energy (Panzhihua) Co. LTD		Company Limited	Renhe District, Panzhihua city, Sichuan Province	Renhe District, Panzhihua city, Sichuan Province	Production and supply of electricity and heat		70.00	Establishment of investment
Dongfang Electric International Cooperation Co. LTD	76,352.00	Company Limited	Chengdu, Sichuan Province	Chengdu, Sichuan Province	General equipment manufacturing	100.00		Establishment of investment
Nam Mang 1 Power Co., LTD	17,588.02	Company Limited	Laos	Laos	Production of heat		75.00	Establishment of investment
Dongfang Electric (Chengdu) Engineering Design Consulting Co. LTD	5,000.00	Company Limited	Chengdu, Sichuan Province	Chengdu, Sichuan Province	And the supply		100.00	Establishment of investment
PT. Dongfang Electric Indonesia	4,054.17	Company Limited	Indonesia	Indonesia	Electrical machinery and equipment manufacturing		51.00	Establishment of investment
Dongfang Electric AZ Limited	133.21	Company Limited	Jakarta.	Jakarta.	Science and technology promotion and application services		100.00	Establishment of investment
Eco-SUNFLOWER GREEN ENERGY	208.94	Company Limited	Of Azerbaijan	Of Azerbaijan	Production and supply of electricity and heat		100.00	Establishment of investment
Dongfang Electric (Chengdu) Innovation Technology Development Co. LTD	60,000.00	Company Limited	Country of Uzbekistan	Country of Uzbekistan	General equipment manufacturing	100.00		Establishment of investment

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Name of subsidiary	Paid-in capital (ten thousand yuan)	Type of enterprise	Principal place of business	Place of incorporation	Nature of business	Percentage of shareholding (%)		Method of acquisition
						direct	indirect	
Dongfang Electric Autocontrol Engineering Co. LTD	69,999.59	Company Limited	temple	temple	Electrical machinery and equipment manufacturing	46.62	53.24	Establishment of investment
Dongfang Hitachi (Chengdu) Electronic Control Equipment Co., LTD	7,098.00	Company Limited	Chengdu, Sichuan Province	Chengdu, Sichuan Province	General equipment manufacturing		51.00	Establishment of investment
Dongfang Electric Advenergy (shenzhen) Technology CO., LTD	5,000.00	Company Limited	Deyang, Sichuan	Deyang, Sichuan	General equipment manufacturing		80.00	Establishment of investment
Dongfang Electric Zhongneng Industrial Control Network Security Technology (Chengdu) Co. LTD	3,000.00	Limited liability company	Chengdu, Sichuan Province	Chengdu, Sichuan Province	Production and supply of electricity and heat		66.00	Establishment of investment
Dongfang Electric (Sichuan) Supplies Co. LTD	32,393.96	Company Limited	Shenzhen, China	Shenzhen, China	Science and technology promotion and application services	100.00		Establishment of investment
DEC Project Cargo Logistics Co.,Ltd.	3,181.87	Company Limited	Chengdu, Sichuan Province	Chengdu, Sichuan Province	Production and supply of electricity and heat		100.00	Establishment of investment
Dongfang Turbine Co. LTD	568,339.78	Company Limited	Chengdu, Sichuan Province	Chengdu, Sichuan Province	Production	91.30		Establishment of investment
Dongfang (Guangzhou) Heavy Machinery Co., LTD.	121,971.87	Company Limited	Chengdu, Sichuan Province	Chengdu, Sichuan Province	Electrical machinery	48.17	13.34	Establishment of investment
Dongfang Electric (Wuhan) Nuclear Equipment Co., LTD	39,066.00	Company Limited	Deyang, Sichuan	Deyang, Sichuan	And equipment manufacturing	100.00		Establishment of investment
Dongfang Electric (India) Private Limited	12,938.35	Company Limited	Guangzhou, Guangdong	Guangzhou, Guangdong	Manufacturing industry	100.00		Establishment of investment
Dongfang Electric Corporation Finance Co. LTD	209,500.11	Company Limited	Wuhan, Hubei Province	Wuhan, Hubei Province	Services	95.00		Establishment of investment
Dongfang Electric Corporation Research Institute of Science and Technology Co., LTD.	33,706.65	Company Limited	Garga, India	Garga, India	Power generator and	100.00		Establishment of investment

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Name of subsidiary	Paid-in capital (ten thousand yuan)	Type of enterprise	Principal place of business	Place of incorporation	Nature of business	Percentage of shareholding (%)		Method of acquisition
						direct	indirect	
Dongfang Electric (Fujian) Innovation Research Institute Co. LTD	10,000.00	Company Limited	a	a	Generating set		100.00	Establishment of investment
Dongfang Electric Yangtze River Delta (Hangzhou) Innovation Research Institute Co. LTD	4,000.00	Company Limited	Chengdu, Sichuan Province	Chengdu, Sichuan Province	Manufacture		100.00	Establishment of investment
Dongfang Electric Jieneng Technology Chengdu Co., Ltd.	8,600.00	Company Limited	Chengdu, Sichuan Province	Chengdu, Sichuan Province	Research and experimental development		100.00	Merger of enterprises under the same control
Dongfang Electric Fine Electronic Materials (Deyang) Co. LTD	8,000.00	Company Limited	Fuzhou, Fujian Province	Fuzhou, Fujian Province	Production		100.00	Establishment of investment

7.1.2 Important non-wholly owned subsidiaries

Name of subsidiary	Percentage of shares held by minority shareholders (%)	Profit and loss attributable to minority shareholders for the current period	Dividends declared to minority shareholders in the current period	Balance of minority shareholders' equity at the end of the period
Dongfang Electric Corporation Dongfang Boiler Co. LTD	4.65	43,206,006.34		403,348,675.57
Dongfang Electric Autocontrol Engineering Co. LTD	3.49	3,422,792.19	52,899.72	36,478,849.85
Dongfang Electric Corporation Finance Co. LTD	5.00	13,578,442.20	8,605,264.42	187,938,853.54
Dongfang Turbine Co.LTD	8.70	78,394,345.94	35,549,257.58	701,602,205.79
Dongfang Electric Machinery Co. LTD	8.14	63,421,644.05	26,780,940.60	562,343,760.13
Dongfang Electric Wind Power Co. LTD	23.82	-109,953,598.28		287,572,604.82
Dongfang (Guangzhou) Heavy Machinery Co., LTD.	39.11	12,868,062.25	6,513,911.30	654,290,064.01

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7.1.3 Main financial information of important non-wholly owned subsidiaries

Name of subsidiary	As at December 31, 2023					
	Total current assets	Non-current assets	Total assets	Total current liabilities	Non-current liabilities	Total liabilities
Dongfang boiler	24,502,735,622.42	3,639,974,726.26	28,142,710,348.68	16,939,606,428.77	1,869,457,006.44	18,809,063,435.21
Dongfang Autocontrol	2,804,795,588.68	826,220,715.83	3,631,016,304.51	2,412,319,498.62	77,578,811.85	2,489,898,310.47
Dongfang Finance	16,235,114,721.77	24,857,755,739.57	41,092,870,461.34	37,366,104,709.64	2,675,376.41	37,368,780,086.05
Dongfang Turbine	25,374,624,366.75	5,750,581,718.41	31,125,206,085.16	21,728,957,940.99	1,276,577,195.33	23,005,535,136.32
Dongfang Electric Machinery	19,476,069,263.98	4,160,405,838.22	23,636,475,102.20	15,014,673,344.77	1,692,340,261.95	16,707,013,606.72
Dongfang Wind Power	14,470,927,187.40	4,052,579,404.94	18,523,506,592.34	14,119,166,126.93	2,774,680,050.78	16,893,846,177.71
Dongfang heavy Machine	3,706,296,403.65	819,807,578.52	4,526,103,982.17	2,520,124,957.60	324,977,763.50	2,845,102,721.10

(continue)

Name of subsidiary	As at December 31, 2022					
	Total current assets	Non-current assets	Total assets	Total current liabilities	Non-current liabilities	Total liabilities
Dongfang boiler	21,124,003,978.95	3,583,187,213.95	24,707,191,192.90	13,916,829,050.37	2,552,971,465.94	16,469,800,516.31
Dongfang Autocontrol	3,057,527,912.03	483,604,251.08	3,541,132,163.11	2,412,521,308.36	52,063,917.54	2,464,585,225.90
Dongfang Finance	16,982,453,210.87	30,101,446,224.39	47,083,899,435.26	43,391,608,194.86	12,872,244.17	43,404,480,439.03
Dongfang Turbine	22,063,079,373.35	5,901,613,790.40	27,964,693,163.75	18,883,346,452.95	1,442,405,082.61	20,325,751,535.56
Dongfang Electric Machinery	17,247,066,647.14	3,947,231,218.68	21,194,297,865.82	12,940,254,365.39	1,650,590,896.84	14,590,845,262.23
Dongfang Wind Power	13,693,448,640.50	3,551,624,810.57	17,245,073,451.07	12,715,729,170.45	2,432,738,112.65	15,148,467,283.10
Dongfang heavy Machine	3,167,983,288.31	796,216,876.33	3,964,200,164.64	2,043,434,577.19	255,741,063.86	2,299,175,641.05

(continue)

Name of subsidiary	As at December 31, 2023			
	Total operating income	Net profit	Total comprehensive income	Cash flow from operating activities
Dongfang boiler	14,024,392,412.71	858,044,889.04	858,044,889.04	967,460,535.95
Dongfang Autocontrol	3,226,928,789.03	117,488,024.03	117,488,024.03	72,741,033.78
Dongfang Finance	1,184,382,021.30	271,568,844.07	251,463,362.38	-7,944,556,034.34
Dongfang Turbine	12,414,892,716.92	903,603,020.96	904,003,216.53	1,810,711,049.20
Dongfang Electric Machinery	11,001,930,675.73	780,611,426.85	651,883,561.87	772,706,279.10

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Name of subsidiary	As at December 31, 2023			
	Total operating income	Net profit	Total comprehensive income	Cash flow from operating activities
Dongfang Wind Power	11,172,071,644.15	-494,636,165.34	-494,636,165.34	-272,838,036.54
Dongfang heavy Machine	1,805,134,858.96	32,902,230.26	32,902,230.26	72,067,398.14

(continue)

Name of subsidiary	As at December 31, 2022			
	Total operating income	Net profit	Total comprehensive income	Cash flow from operating activities
Dongfang boiler	12,205,470,812.91	672,530,358.46	670,235,358.46	1,594,090,210.34
Dongfang Autocontrol	3,004,947,872.62	93,434,328.60	93,406,528.60	160,583,522.91
Dongfang Finance	1,217,680,530.08	344,262,386.12	369,918,535.24	5,904,729,664.47
Dongfang Turbine	10,516,442,658.42	818,074,105.07	818,158,784.26	253,601,060.37
Dongfang Electric Machinery	9,513,879,258.79	658,938,640.60	685,462,473.09	750,171,190.94
Dongfang Wind Power	12,604,351,884.16	58,286,759.56	58,286,759.56	34,182,058.82
Dongfang heavy Machine	1,558,014,085.02	18,843,845.30	18,843,845.30	94,372,025.70

7.2 Transactions in which the share of owners' equity in the subsidiary changes and the subsidiary is still controlled

7.2.1 Description of changes in the share of owners' equity in subsidiaries

According to the relevant resolution documents of the Company, the Company increased the capital of Dongfang Research Institute by RMB194,708,500.00 After the capital increase, its shareholding ratio increased from 90.02% to 91.95% after the capital increase, and the Company continued to maintain control over it.

7.2.2 The impact of the transaction on minority shareholders' equity and owners' equity attributable to the shareholders of the company

Items	Dongfang Research Institute
Purchase cost/disposal consideration	194,708,500.00
Less: share of net assets of subsidiaries based on the proportion of equity acquired/disposed of	191,450,861.88
The difference	3,257,638.12
Including: adjust capital reserves	3,257,638.12

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7.3 Interests in joint venture arrangements or joint ventures

7.3.1 Important joint ventures or associated enterprises

Name of joint venture or associated enterprise	Principal place of business	Place of incorporation	Nature of business	Percentage of shareholding (%)		Accounting treatment of investment in joint ventures or associated enterprises	Whether the company's activities are strategic
				direct	indirect		
MHPS Dongfang Boiler Co., LTD.	Jiaxing, Zhejiang Province	Jiaxing, Zhejiang Province	Production		50	Equity method	
Framatome Dongfang Reactor Coolant Pumps Co., LTD.	Deyang, Sichuan	Deyang, Sichuan	Production	50		Equity method	
Mitsubishi Heavy Industries Dongfang Gas Turbine Co.,LTD.	Nansha, Guangzhou	Nansha, Guangzhou	Production		49	Equity method	
Sichuan Dongshu New Material Co. LTD	Chengdu, Sichuan Province	Chengdu, Sichuan Province	Manufacturing industry		47.54	Equity method	
Deyang Guangda Dongqi New Material Co., LTD	Deyang, Sichuan Province	Deyang, Sichuan Province	Metal products industry		49	Equity method	

7.3.2 Main financial information of important joint ventures

Items	As at December 31, 2023		As at December 31, 2022	
	MHPS Dongfang Boiler Co., LTD.	Framatome Dongfang Reactor Coolant Pumps Co., LTD.	MHPS Dongfang Boiler Co., LTD.	Framatome Dongfang Reactor Coolant Pumps Co., LTD.
Total current assets	1,326,414,794.08	1,077,209,974.81	1,254,754,795.15	1,191,371,513.04
Including: cash and cash equivalents	237,716,445.83	284,908,635.98	162,022,312.52	427,148,155.86
Non-current assets	206,222,878.86	73,951,456.31	219,376,539.32	69,190,225.78
Total assets	1,532,637,672.94	1,151,161,431.12	1,474,131,334.47	1,260,561,738.82
Total current liabilities	1,033,659,377.94	820,585,684.59	987,921,197.96	782,958,980.82
Non-current liabilities	60,665,768.76	48,911,931.94	67,118,065.36	34,797,389.79
Total liabilities	1,094,325,146.70	869,497,616.53	1,055,039,263.32	817,756,370.61
Minority shareholders' equity				
Attributable to shareholders' equity of the company	438,312,526.24	281,663,814.59	419,092,071.15	442,805,368.21
Share of net assets in proportion to shareholding	219,156,263.12	140,831,907.30	209,546,035.58	221,402,684.11
Matters of adjustment		68,663.24		
- Goodwill				
-- Unrealized profit from internal trading				

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Items	As at December 31, 2023		As at December 31, 2022	
	MHPS Dongfang Boiler Co., LTD.	Framatome Dongfang Reactor Coolant Pumps Co., LTD.	MHPS Dongfang Boiler Co., LTD.	Framatome Dongfang Reactor Coolant Pumps Co., LTD.
-- Others		68,663.24		
Book value of equity investment in joint venture	219,156,263.12	140,900,570.53	209,546,035.58	221,402,684.11
Fair value of equity investment of joint venture with public quotation				
Total operating income	1,211,929,365.38	312,273,740.88	1,104,072,255.70	263,003,322.00
Financial expenses	8,459,809.93	-5,234,790.06	8,602,460.00	-1,307,286.23
Income tax expense	5,107,993.20	7,262,441.76	-363,728.81	
Net profit	27,948,072.03	41,153,836.62	19,321,942.57	37,728,520.35
Net profit from discontinued operations				
Other comprehensive income				
Total comprehensive income	27,948,072.03	41,153,836.62	19,321,942.57	37,728,520.35
Dividends received from joint venture in the current period	4,105,912.80	99,937,552.98	2,642,181.57	21,712,801.41

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7.3.3 Main financial information of important associated enterprises

Items	As at December 31, 2023			As at December 31, 2022		
	Mitsubishi Heavy Industries Dongfang Gas Turbine Co., LTD.	Sichuan Dongshu New Material Co. LTD	Deyang Guangda Dongqi New Material Co. LTD	Mitsubishi Heavy Industries Dongfang Gas Turbine Co., LTD.	Sichuan Dongshu New Material Co. LTD	Deyang Guangda Dongqi New Material Co. LTD
Total current assets	1,644,606,970.89	1,214,742,851.31	1,177,646,855.77	1,401,888,709.89	1,197,588,840.16	1,113,748,592.31
Non-current assets	304,908,844.27	406,978,206.87	597,099,740.90	268,407,948.23	358,605,791.60	606,732,734.62
Total assets	1,949,515,815.16	1,621,721,058.18	1,774,746,596.67	1,670,296,658.12	1,556,194,631.76	1,720,481,326.93
Total current liabilities	565,848,262.15	1,098,580,389.45	1,050,546,650.14	600,876,853.89	1,059,638,403.70	1,027,148,425.78
Non-current liabilities	12,564,820.86	3,347,623.51	47,380.30	14,279,166.15	1,964,485.85	
Total liabilities	578,413,083.01	1,101,928,012.96	1,050,594,030.44	615,156,020.04	1,061,602,889.55	1,027,148,425.78
Minority shareholders' equity		157,289,662.71			149,774,482.06	
Attributable to shareholders' equity of the company	1,371,102,732.15	362,503,382.51	724,152,566.23	1,055,140,638.08	344,817,260.15	693,332,901.15
Share of net assets in proportion to shareholding	671,840,338.75	175,043,717.61	354,834,757.45	517,018,912.66	188,996,650.01	339,733,121.56
Matters of adjustment	-1,440,647.03		-79,151,739.74	-16,185,248.40		-12,986,382.25
- Goodwill						
-- Unrealized profit from internal trading	-1,440,647.03		-79,151,739.74	-16,185,248.40		-12,986,382.25
-- Others						

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Items	As at December 31, 2023			As at December 31, 2022		
	Mitsubishi Heavy Industries Dongfang Gas Turbine Co., LTD.	Sichuan Dongshu New Material Co. LTD	Deyang Guangda Dongqi New Material Co. LTD	Mitsubishi Heavy Industries Dongfang Gas Turbine Co., LTD.	Sichuan Dongshu New Material Co. LTD	Deyang Guangda Dongqi New Material Co. LTD
Book value of equity investment in associated enterprises	670,399,691.72	175,043,717.61	275,683,017.71	500,833,664.26	188,996,650.01	326,746,739.31
The fair value of the equity investment of the associated enterprise with public quotation						
Total operating income	1,198,558,294.45	2,415,411,665.26	1,200,192,845.32	1,063,557,117.07	1,604,912,590.37	1,004,056,018.59
Net profit	315,962,094.07	24,726,502.97	31,040,507.52	294,031,120.38	3,501,433.84	20,503,600.54
Net profit from discontinued operations						
Other comprehensive income						
Total comprehensive income	315,962,094.07	24,726,502.97	31,040,507.52	294,031,120.38	3,501,433.84	20,503,600.54
Dividends received from associated enterprises in the current period		558,977.24		131,146,215.00	15,003,624.00	

7.4 Other
None.

8 Government subsidies

8.1 Basic information of government subsidies

Types of government subsidies	Amount incurred in the current period	The amount recorded in the current profit and loss	Remarks
Government subsidies included in deferred earnings	178,673,131.25	145,438,248.97	
Government subsidies included in other income	86,719,748.27	86,719,748.27	
Government subsidies included in non-operating income	470,012.39	470,012.39	
Government subsidies for writing down the book value of related assets			
Government subsidies to write down costs and expenses	135,880,000.00	135,880,000.00	Insurance subsidy for the first major technical equipment
Total	401,742,891.91	368,508,009.63	

9 Risks associated with financial instruments

9.1 Various risks arising from financial instruments

The company's main financial instruments include monetary funds, equity investment, debt investment, loans, receivables, payables and transactional financial assets, transactional financial liabilities, purchase and resale of financial assets, loans and advances, etc. It faces risks of various financial instruments in its daily activities, mainly including credit risk, liquidity risk and market risk. The risks associated with these financial instruments and the risk management policies adopted by the Company to mitigate these risks are described below.

9.1.1 Credit risk

Credit risk refers to the risk that the Company will incur financial losses due to the failure of a counterparty to perform contractual obligations. Management has formulated appropriate credit policies and continuously monitors the exposure to credit risk.

The Company has adopted a policy of transacting only with creditworthy counterparties. In addition, the Company evaluates the customer's credit qualification and establishes the credit period based on the customer's financial position, the possibility of obtaining guarantees from third parties, credit history and other factors such as current market conditions. The Company continuously monitors the balance and recovery of notes receivable and accounts receivable. For customers with poor credit records, the Company will urge payment in writing, shorten the credit period or cancel the credit period, etc., to ensure that the Company will not face significant credit losses. In addition, the Company reviews the recovery of financial assets on each balance sheet date to ensure that sufficient provision for expected credit losses has been made for the relevant financial assets.

Other financial assets of the Company include monetary funds, receivables, other receivables and trading financial assets, etc. The credit risk of these financial assets is derived from the default of the counterparty, and the maximum credit risk exposure is the carrying amount of each financial asset in the balance sheet. The monetary funds held by the Company are mainly deposited in state-owned banks and other large and medium-sized commercial banks and other financial institutions. The management believes that these commercial banks have high reputation and asset status, there is no significant credit risk, and there will not be any significant loss caused by the default of the counterparty. It is the Company's policy to control the amount of deposits placed with each well-known financial institution based on its market reputation, scale of operation and financial background to limit the amount of credit risk to any individual financial institution. As part of the Company's credit risk asset management, the Company uses aging to assess impairment losses on accounts receivable and other receivables. The company's accounts receivable and other receivables involve a large number of customers, and the aging information can reflect the solvency and bad debt risk of these customers for accounts receivable and other receivables. The company calculates the historical actual bad debt rate during different account ages based on historical data, and takes into account the forecast of current and future economic conditions, such as national GDP growth

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rate, total infrastructure investment and national monetary policy and other forward-looking information to adjust the expected loss rate. For long-term receivables, the Company comprehensively considers the settlement period, the payment period agreed in the contract, the financial status of the debtor and the economic situation of the industry in which the debtor operates, and makes a reasonable assessment of the expected credit losses after taking into account the forward-looking information mentioned above.

As of December 31, 2023, the book balance of relevant assets and expected credit impairment losses are as follows:

Subjects of study	Balance of book value	Provision for impairment losses
Notes receivable	1,180,119,523.31	27,495,518.19
Receivables financing	1,997,629,532.50	
Accounts receivable	14,941,352,624.36	4,227,246,759.41
Other receivables	694,758,911.46	302,045,899.56
Purchase and resale of financial assets	2,959,861,095.88	
Investment in debt	19,162,837,013.51	90,000,000.00
Long-term receivables (including amounts due within one year)	261,043,524.08	59,556,663.96
Issue loans and advances	6,026,480,093.30	408,468,301.84
Total	47,224,082,318.40	5,114,813,142.96

9.1.2 Liquidity risk

Current risk is the risk that the Company will not be able to meet its financial obligations at the maturity date. The Company's approach to managing liquidity risk is to ensure that it has sufficient liquidity to meet maturing obligations without incurring unacceptable losses or causing damage to corporate reputation. The Company regularly analyzes the structure and maturity of its liabilities to ensure adequate funds. The management of the Company monitors the use of bank loans and ensures compliance with loan agreements, and actively communicates with financial institutions to maintain adequate credit lines and reduce liquidity risks.

Due to the company's good bank credit and high credit rating, as of December 31, 2023, the loan line provided by the bank is sufficient to meet its own financing needs.

The financial assets and financial liabilities held by the Company are analyzed as follows according to the maturity of the undiscounted remaining contractual obligations:

Items	As at December 31, 2023					Total undiscounted contract amount
	Immediate repayment	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	
Financial assets						
Including: Monetary capital		17,129,250,869.93				17,129,250,869.93
Trading financial assets		867,176,939.12				867,176,939.12
Notes receivable		1,152,624,005.12				1,152,624,005.12
Accounts receivable		10,714,105,864.95				10,714,105,864.95
Accounts receivable financing		1,997,629,532.50				1,997,629,532.50
Other receivables		412,067,046.11				412,067,046.11

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Items	As at December 31, 2023					Total undiscounted contract amount
	Immediate repayment	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	
Purchase and resale of financial assets		2,959,861,095.88				2,959,861,095.88
Total amount of financial assets		35,232,715,353.61				35,232,715,353.61
Financial liabilities						
Including: short-term borrowing		110,165,544.44				110,165,544.44
Notes payable		13,892,247,700.54				13,892,247,700.54
Accounts payable		19,306,103,748.81				19,306,103,748.81
Other payables		1,488,320,214.72				1,488,320,214.72
Non-current liabilities due within one year		316,029,312.52				316,029,312.52
Long-term borrowings			308,657,138.00	1,074,769,271.20		1,383,426,409.20
Lease liabilities			122,065,276.52	107,923,289.84		229,988,566.36
Total amount of financial liabilities		35,112,866,521.03	430,722,414.52	1,182,692,561.04		36,726,281,496.59

9.1.3 Market risk

Market risk of financial instruments refers to the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices, including exchange rate risk, interest rate risk and other price risks.

(1) Interest rate risk

The company's interest rate risk arises from interest-bearing debt such as bank loans. Financial liabilities with floating interest rate expose the Company to cash flow interest rate risk, while financial liabilities with fixed interest rate expose the Company to fair value interest rate risk. The Company determines the relative proportion of fixed and floating rate contracts based on prevailing market conditions. As of December 31, 2023, the Company's interest-bearing debt is mainly RMB denominated fixed interest rate contracts with a total amount of RMB 2,039,609,832.52.

The company's risk of changes in the cash flow of financial instruments caused by changes in interest rates is mainly related to floating rate bank borrowings. It is the Company's policy to maintain a floating interest rate on these borrowings to eliminate the fair value risk of interest rate movements.

(2) Exchange rate risk

The company's exposure to foreign exchange risks is mainly related to US dollar, euro, Japanese yen and Indian Rupee, etc. Except for the purchase and sales of the Company and its major subsidiaries in US dollar, euro, Japanese yen and Indian Rupee, other major business activities of the Company are denominated and settled in RMB. As of December 31, 2023, the assets and liabilities of the Company are all in RMB, except for the US dollars and other foreign currencies of the assets and liabilities described in Note 5.72. The foreign exchange risks arising from the assets and liabilities of such foreign currency balances may have an impact on the Company's operating results. See Note 5.72 for the foreign currency monetary assets and liabilities held by the Japanese company as of December 31, 2023.

(3) Other price risks

The Company sells power generation equipment at market prices and is therefore subject to such price fluctuations.

9.1.4 Sensitivity analysis

The Company uses sensitivity analysis techniques to analyze the possible impact of reasonable and possible changes in risk variables on current profits and losses or owners' equity. Since any risk variable rarely changes in isolation, and the correlation between variables will have a significant effect on the ultimate impact amount of a change in a risk variable, the following is carried out under the assumption that the change in each variable is independent.

(1) Sensitivity analysis of foreign exchange risk

Assumption of foreign exchange risk sensitivity analysis: all net investment hedging and cash flow hedging of overseas operations are highly effective. On the basis of the above assumptions, with other variables unchanged, the after-tax impact of possible reasonable changes in exchange rate on current profits and losses and equity is as follows:

Items	Changes in exchange rate	As at December 31, 2023		As at December 31, 2022	
		Impact on net profit	Impact on owners' equity	Impact on net profit	Impact on owners' equity
All foreign currencies	The RMB appreciated by 5% against foreign currencies	-93,953,597.86	-93,953,597.86	-82,187,476.17	-82,187,476.17
All foreign currencies	The renminbi depreciated by 5% against foreign currencies	93,953,597.86	93,953,597.86	82,187,476.17	82,187,476.17

(2) Sensitivity analysis of interest rate risk

The sensitivity analysis of interest rate risk is based on the following assumptions:

Changes in market interest rates affecting interest income or expense on variable rate financial instruments; For fixed interest rate financial instruments measured at fair value, changes in market interest rates only affect their interest income or expense; Calculate changes in the fair value of derivative financial instruments and other financial assets and liabilities using the discounted cash flow method at the market interest rate on the balance sheet date.

On the basis of the above assumptions, with other variables unchanged, the after-tax impact of possible reasonable changes in interest rates on current profits and losses and equity is as follows:

Items	Changes in interest rates	As at December 31, 2023		As at December 31, 2022	
		Impact on net profit	Impact on owners' equity	Impact on net profit	Impact on owners' equity
Floating rate borrowing	Increase by 1 %	-25,613,919.54	-25,613,919.54	-3,681,515.42	-3,681,515.42
Floating rate borrowing	Decrease by 1 %	25,613,919.54	25,613,919.54	3,681,515.42	3,681,515.42

10 Disclosure of fair value

The input values used in fair value measurement are divided into three levels:

The first level of input value is the unadjusted quotation in the active market for the same asset or liability available at the measurement date.

The second level input value is the directly or indirectly observable input value of the relevant asset or liability in addition to the first level input value.

The third level input value is the unobservable input value of the related asset or liability.

The level of the fair value measurement result is determined by the lowest level of the input value that is of great significance to the fair value measurement as a whole.

10.1 The fair value at the end of the period of the assets and liabilities measured at fair value

Items	Fair value at the end of the period			
	The first level of fair value measurement	The second level of fair value measurement	The third level of fair value measurement	Total
1. Financial assets measured at fair value and whose changes are recorded in current profits and losses	867,105,539.12		71,400.00	867,176,939.12
(1) Debt instrument investment	362,006,800.00			362,006,800.00
(2) Equity instrument investment	10,746,272.26		71,400.00	10,817,672.26
(3) Others	494,352,466.86			494,352,466.86
2. Investment in other equity instruments	419,574,463.26		76,300,000.00	495,874,463.26
3. Receivables financing			1,997,629,532.50	1,997,629,532.50
Total assets	1,286,680,002.38		2,074,000,932.50	3,360,680,934.88
Derivative financial liabilities				
Total liabilities				

10.2 The basis for determining the market price of the first level of fair value measurement items

For financial instruments traded in active markets, the Company determines their fair value based on their active market quotations.

10.3 Continuous and non-continuous fair value measurement items at the second level, valuation techniques used and qualitative and quantitative information of important parameters

None.

10.4 Continuous and non-continuous fair value measurement items at the third level, valuation techniques used and qualitative and quantitative information of important parameters

The company's continuous and non-continuous tier 3 fair value measurement items are measured at cost, unless the cost measurement is unreliable.

10.5 The third level of continuous fair value measurement items, the adjustment information between the end of last year and the ending book value and the sensitivity analysis of unobservable parameters

None.

10.6 For continuous fair value measurement items, if conversion occurs between various levels during the current period, the reasons for conversion and the policy for determining the conversion point

The company takes the date of occurrence of the event leading to the conversion between the levels as the time point to confirm the conversion between the levels. There is no conversion between levels this year.

10.7 Changes in valuation techniques occurring during the current period and reasons for such changes

None.

10.8 The fair value of financial assets and financial liabilities not measured at fair value

None.

11 Related parties and related transactions

11.1 Parent company of the Company

Name of parent company (ultimate holding company)	Place of incorporation	Nature of business	Registered capital	Shareholding of the parent Company in the Company (%)	Proportion of voting rights of the parent Company in the Company (%)
Dongfang Electric Corporation Co. LTD	333 Shuhan Road, Jinniu District, Chengdu City, Sichuan Province, China	Generator and generator set manufacturing	504,696.02	55.52	55.52

Note: The above shareholding ratio is the shareholding ratio directly held by the parent company, and the shareholding ratio of 0.028% held by Dongfang Electric International Investment Co.,Ltd., a subsidiary of the parent company, has not been calculated on a consolidated basis.

Description of the company's parent company:

Established on November 6, 1984, Dongfang Electric Corporation is an enterprise under the supervision of State-owned Assets Supervision and Administration Commission of the State Council. As of December 31, 2023, the registered capital of Dongfang Electric Corporation is 5.047 billion RMB, and Dongfang Electric Corporation holds 55.52% of the shares of the company.

11.2 Subsidiaries of the Company

For details of the company's subsidiaries, please refer to "7. Rights and Interests in Other Entities" in this note.

11.3 Joint ventures and associates of the Company

For the important joint ventures or associated enterprises of the company, please refer to "7. Rights and Interests in Other Entities" in this note.

The situation of other joint ventures or associated enterprises that have related party transactions with the Company in the current period, or have related party transactions with the Company in the previous period and form balances, is as follows:

Name of joint venture or associated enterprise	Relationship with the Company
Sichuan Energy Investment Wind Power Development Co., LTD. (hereinafter referred to as Sichuan Energy Investment Wind Power)	Associated enterprise
Deyang Guangda Dongqi New Material Co., LTD (hereinafter referred to as Deyang Guangda Dongqi)	Associated enterprise
Mitsubishi Heavy Industries Dongfang Gas Turbine Co.,LTD. (hereinafter referred to as Dongfang Mitsubishi)	Associated enterprise
Leshan Dongle Dajian Lifting Co., LTD. (hereinafter referred to as Dongle Large Lifting)	Associated enterprise
Inner Mongolia Energy Power Generation Red Mud Well Wind Power Co., LTD (hereinafter referred to as Hongnijing Wind Power)	Associated enterprise
Hunan Ping An Environmental protection Co., LTD.	Associated enterprise
Huadian Longkou Wind power Co., LTD. (hereinafter referred to as Longkou Wind Power)	Associated enterprise
Inner Mongolia Mengneng Sansheng Tai Wind Power Co., LTD. (hereinafter referred to as Sanshengtai Wind Power)	Associated enterprise
Inner Mongolia Mengneng Wulan New energy Co., LTD.(hereinafter referred to as Wulan New Energy)	Associated enterprise
China United Heavy Gas Turbine Technology Co., LTD.	Associated enterprise
Dongfang Zhongheng (Chengdu) New Energy Technology Co., LTD.	Associated enterprise
Liangshan Fengguang New Energy Operator and Maintenance Co.,LTD.	Associated enterprise

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Name of joint venture or associated enterprise	Relationship with the Company
Dongfang Framatome Nuclear Pump Co., LTD. (hereinafter referred to as Dongfang Framatome)	Joint venture
MHPS Dongfang Boiler Co., LTD.	Joint venture

11.4 Other related parties

Names of other related parties	Relationship between other related parties and the Company
Dongfang Electric Investment Management Co., LTD. (hereinafter referred to as Dongfang Investment)	Other enterprises controlled by the same parent company and ultimate controlling party
Sichuan Dongshu New Material Co., LTD. (hereinafter referred to as Dongshu New Material)	Other enterprises controlled by the same parent company and ultimate controlling party
Dongfang Electric Leshan Eban High-purity Material Co., LTD.(hereinafter referred to as Emeishan Eban High Purity Material)	Other enterprises controlled by the same parent company and ultimate controlling party
Dongfang Electric Corporation (Chengdu) Sharing Service Co., LTD. (hereinafter referred to as Dongfang Sharing)	Other enterprises controlled by the same parent company and ultimate controlling party
Dongfang Electric (Jiuquan) Photovoltaic Power Generation Technology Co., LTD. (hereinafter referred to as Dongfang Jiuquan Photovoltaic)	Other enterprises controlled by the same parent company and ultimate controlling party
Dongfang Electric(Jiuquan)Integrated Smart Energy Technology Co.,Ltd.(hereinafter referred to as Jiuquan Integrated Smart Energy)	Other enterprises controlled by the same parent company and ultimate controlling party
Quzhou Huijie New Energy Technology Co.,LTD.(hereinafter referred to as Quzhou Huijie New Energy)	Other enterprises controlled by the same parent company and ultimate controlling party
Quzhou Huihe New Energy Technology Co.,LTD.(hereinafter referred to as Quzhou Huihe New Energy)	Other enterprises controlled by the same parent company and ultimate controlling party
Dongyao New Energy (Zhangbei County) Co., LTD. (" Dongyao Zhangbei New Energy ")	Other enterprises controlled by the same parent company and ultimate controlling party
Dongfang Electric(Zhenjiang)Solar Power Co.,LTD.(hereinafter referred to as Dongfang Zhenjiang Solar)	Other enterprises controlled by the same parent company and ultimate controlling party
Dongfang Electric International Investment Co., LTD.(hereinafter referred to as Dongfang Electric International Investment)	Other enterprises controlled by the same parent company and ultimate controlling party
Dongfang Electric El Salvador Co. LTD	Other enterprises controlled by the same parent company and ultimate controlling party
Dongfang Electric Ecuador S.A.	Other enterprises controlled by the same parent company and ultimate controlling party
Luquan Dongdian Solar Power Company Limited (hereinafter referred to as Luquan Solar)	Other enterprises controlled by the same parent company and ultimate controlling party
Dongyao New Energy (Tangshan) Co., LTD. (hereinafter referred to as Dongyao Tangshan New Energy)	Other enterprises controlled by the same parent company and ultimate controlling party
Dongfang Feiyuan (Shandong) Electronic Materials Co., LTD. (hereinafter referred to as Dongfang Feiyuan)	Other enterprises controlled by the same parent company and ultimate controlling party
Honghua Corporation Co., LTD. (hereinafter referred to as Dongfang Honghua)	Other enterprises controlled by the same parent company and ultimate controlling party
Honghua Holdings Limited (hereinafter referred to as Honghua Holdings)	Other enterprises controlled by the same parent company and ultimate controlling party
Honghua Oil & Gas Engineering Services Limited	Other enterprises controlled by the same parent company and ultimate controlling party
Honghua America, Inc. (hereinafter referred to as Honghua America)	Other enterprises controlled by the same parent company and ultimate controlling party
Honghua Gold Coast Equipment Co.,LTD. (hereinafter referred to as Honghua Gold Coast)	Other enterprises controlled by the same parent company and ultimate controlling party
Honghua Finance Leasing (Shanghai) Co., LTD. (hereinafter referred to as Honghua Leasing)	Other enterprises controlled by the same parent company and ultimate controlling party
Honghua Huyi Finance Leasing (Shanghai) Co., LTD. (hereinafter referred to as Shanghai Huyi)	Other enterprises controlled by the same parent company and ultimate controlling party

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Names of other related parties	Relationship between other related parties and the Company
Xinshun (Hong Kong) Limited (hereinafter referred to as Xinshun Hong Kong)	Other enterprises controlled by the same parent company and ultimate controlling party
Hanzheng Testing Technology Co., LTD. (hereinafter referred to as Hanzheng Testing)	Other enterprises controlled by the same parent company and ultimate controlling party
Honghua Drilling Technology Company Limited (hereinafter referred to as Honghua Drilling)	Other enterprises controlled by the same parent company and ultimate controlling party
Honghua Energy Equipment Co., LTD (hereinafter referred to as Honghua Energy)	Other enterprises controlled by the same parent company and ultimate controlling party
Honghua (China) Investment Co., LTD (hereinafter referred to as Honghua China)	Other enterprises controlled by the same parent company and ultimate controlling party
Sichuan Honghua Petroleum Equipment Co., LTD (" Sichuan Honghua ")	Other enterprises controlled by the same parent company and ultimate controlling party
Honghua Marine Oil&Gas Equipment (Jiangsu)Co.,LTD. (hereinafter referred to as Honghua Marine)	Other enterprises controlled by the same parent company and ultimate controlling party
Dongfang Electric Corporation Smart Solar Energy Co., LTD. (hereinafter referred to as Dongfang Solar Energy)	Other enterprises controlled by the same parent company and ultimate controlling party
Qinhuangdao Hongju Photovoltaic Power Co., LTD. (hereinafter referred to as Qinhuangdao Hongju Photovoltaic)	Other enterprises controlled by the same parent company and ultimate controlling party
Qinhuangdao Juxing Photovoltaic Power Co., LTD. (hereinafter referred to as Qinhuangdao Juxing Photovoltaic)	Other enterprises controlled by the same parent company and ultimate controlling party
Dongyao New Energy (Fuyang) Co., LTD. (hereinafter referred to as Dongyao Fuyang New Energy)	Other enterprises controlled by the same parent company and ultimate controlling party
Dongyao New Energy (Qijing) Company Limited (hereinafter referred to as Dongyao Qijing New Energy)	Other enterprises controlled by the same parent company and ultimate controlling party
Dongyao New Energy (Qingyuan) Company Limited (hereinafter referred to as Dongyao Qingyuan New Energy)	Other enterprises controlled by the same parent company and ultimate controlling party
Dongyao New Energy (Weihai) Company Limited (hereinafter referred to as Dongyao Weihai New Energy)	Other enterprises controlled by the same parent company and ultimate controlling party
Shanghai Feat Ocean Engineering Co., LTD. (hereinafter referred to as Shanghai Feat)	Other enterprises controlled by the same parent company and ultimate controlling party
Hong Kong Tyco Limited (hereinafter referred to as Hong Kong Tyco)	Other enterprises controlled by the same parent company and ultimate controlling party
Honghua Oil & Gas Engineering Technology Services Co., LTD. (hereinafter referred to as Honghua Oil Services)	Other enterprises controlled by the same parent company and ultimate controlling party
Sichuan Honghua International Science and Trade Co., LTD. (hereinafter referred to as Honghua International)	Other enterprises controlled by the same parent company and ultimate controlling party
Sichuan Honghua Electric Co., LTD.(hereinafter referred to as Honghua Electric)	Other enterprises controlled by the same parent company and ultimate controlling party
Gansu Hongteng Oil and Gas Equipment Manufacturing Co., LTD. (hereinafter referred to as Gansu Hongteng)	Other enterprises controlled by the same parent company and ultimate controlling party
Honghua International Ukraine Co., LTD. (hereinafter referred to as Honghua Ukraine)	Other enterprises controlled by the same parent company and ultimate controlling party
Emei Semiconductor Materials Research Institute (hereinafter referred to as Emei Semiconductor Materials Institute)	Subsidiaries previously under the control of the same parent company and ultimate controlling party
Dongfang Electric (Hulunbuir) New Energy Co., LTD. (hereinafter referred to as Hulunbuir New Energy)	Subsidiaries previously under the control of the same parent company and ultimate controlling party
Chengdu Dongfang Electric Technology Industrial Co. LTD	Subsidiaries previously under the control of the same parent company and ultimate controlling party
Dongfang Electric Corporation Emei Semiconductor Materials Co., LTD. (hereinafter referred to as Esemi Company)	Subsidiaries previously under the control of the same parent company and ultimate controlling party
Dongfang Electric Corporation (Yixing) Maiji Solar Energy Technology Co., LTD. (hereinafter referred to as Dongfang Maiji)	Subsidiaries previously under the control of the same parent company and ultimate controlling party
Shizuishan Tiande Photovoltaic Power Generation Co., LTD. (hereinafter referred to as Shizuishan Photovoltaic)	Subsidiaries previously under the control of the same parent company and ultimate controlling party
Dongfang Electric New Energy Equipment (Hangzhou) Co., LTD. (hereinafter referred to as Hangzhou New Energy)	Subsidiaries controlled by the same parent company and ultimate controlling party and in bankruptcy liquidation

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Names of other related parties	Relationship between other related parties and the Company
Dongfang Electric (Tongliao) Wind Power Engineering Technology Co., LTD. (hereinafter referred to as Tongliao Wind Power)	Subsidiaries controlled by the same parent company and ultimate controlling party and in bankruptcy liquidation
Dongfang Electric (Jiuquan) New Energy Co., LTD.(hereinafter referred to as Jiuquan New Energy)	Subsidiaries controlled by the same parent company and ultimate controlling party and in bankruptcy liquidation
Zhonghe Seawater Desalination Engineering Co., LTD. (hereinafter referred to as Zhonghe Haishan)	Subsidiaries controlled by the same parent company and ultimate controlling party and in bankruptcy liquidation
Tuimada Oil & Gas Services LTD.	Subsidiaries controlled by the same parent company and ultimate controlling party and in bankruptcy liquidation
West China Energy Industry Co., LTD. (hereinafter referred to as West China Energy)	Investors with significant influence
Guangdong Yuedian Corporation Co., LTD. (hereinafter referred to as Guangdong Yuedian Corporation)	Investors with significant influence

11.5 Related party transactions

11.5.1 Related-party transactions on purchase of goods,and receipt of services

Table of goods purchased/services received

Related parties	Content of related party transactions	Amount for the current period	Amount for the previous period
Parent company and ultimate controlling party		9,264,936.04	34,607,428.12
Dongfang Electric Corporation	Purchase of goods	4,767,620.29	34,513,088.50
Dongfang Electric Corporation	Accept labor and kinetic energy	4,497,315.75	94,339.62
Joint ventures and associated enterprises		2,169,378,932.52	1,329,685,583.55
MHPS Dongfang Boiler	Purchase of goods	1,014,891,637.40	504,072,087.61
Dongfang Mitsubishi	Purchase of goods	272,094,837.06	198,562,743.37
Deyang Guangda Dongqi	Purchase of goods	882,392,458.06	627,050,752.57
Other enterprises controlled by the same parent company and ultimate controlling party		759,660,186.13	527,110,527.87
Dongshu new material	Purchase of goods	531,692,209.68	468,404,193.06
Dongfang Sharing	Accept labor and kinetic energy	40,905,720.78	4,720,535.08
Hanzheng Testing	Accept labor and kinetic energy	3,041,073.18	583,777.20
Honghua Electric	Purchase of goods	40,666,359.32	30,296,855.88
Sichuan Honghua	Purchase of goods	124,112,128.61	19,500,342.68
Honghua Ocean	Accept labor and kinetic energy	19,242,694.56	3,604,823.97
Investors with significant influence			4,506,849.93
Guangdong Yuedian Corporation	Purchase of goods		4,506,849.93
Total		2,938,304,054.69	1,895,910,389.47

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List of goods sold/services provided

Related parties	Content of related party transactions	Amount for the current period	Amount for the previous period
Parent company and ultimate controlling party		322,391.57	756,446.89
Dongfang Electric Corporation	Sale of goods		6,446.89
Dongfang Electric Corporation	Provide labor services and kinetic energy	322,391.57	750,000.00
Joint ventures and associated enterprises		367,553,651.00	52,631,431.25
Dongfang Framatome	Sale of goods	83,898,703.85	3,301.89
Dongfang MHPS	Sale of goods	116,343,721.91	52,628,129.36
Deyang Guangda Dongqi	Provide labor services and kinetic energy	24,220,628.08	
Dongfang Mitsubishi	Sale of goods	69,823.01	
Dongfang Mitsubishi	Provide labor services and kinetic energy	25,330,377.34	
Hunan Ping An Environmental protection Co., LTD.	Sale of goods	31,578,130.19	
Huadian Longkou Wind power	Sale of goods	1,016,814.16	
Sanshengtai Wind Power	Sale of goods	4,615,459.20	
Wulan New energy	Sale of goods	2,621,586.18	
China United Heavy Gas Turbine Technology	Sale of goods	77,858,407.08	
Other enterprises controlled by the same parent company and ultimate controlling party		1,212,166,474.68	324,407,424.12
Dongfang Electric Investment Management	Sale of goods	18,208.62	
Dongfang Electric Corporation Smart Solar Energy	Sale of goods	10,672.92	
Jiuquan Photovoltaic Technology	Sale of goods	27,643.37	86,521.25
Dongyao New Energy (Fuyang) Co., LTD	Sale of goods	166,990,762.29	
Dongyao New Energy (Zhangbei County) Co. LTD	Provide labor services and kinetic energy	317,855,017.34	
Dongfang Jiuquan Huineng	Sale of goods	4,070,076.58	182,009,864.51
Quzhou Huihe New Energy	Sale of goods	29,899,549.21	43,267,531.29
Qinhuangdao Juxing Photovoltaic Power Co. LTD	Sale of goods	141,668,513.09	
Dongshu New Materials	Sale of goods	240,510,669.07	90,027,833.84
Dongshu New Materials	Provide labor services and kinetic energy		984,914.14
Honghua Electric	Sale of goods	4,826,972.74	5,017,888.51
Sichuan Honghua	Sale of goods	171,064,758.37	3,012,870.58
Gansu Hongteng Oil and Gas Equipment Manufacturing Co. LTD	Sale of goods	17,433,159.01	
Honghua Marine Oil&Gas Equipment(jiangsu)	Sale of goods	20,375,294.55	
Xinshun (Hong Kong) Co., LTD	Sale of goods	94,522,177.52	
Sichuan Honghua International Science and Trade Co. LTD	Sale of goods	2,893,000.00	
Investors with significant influence		-	91,338.35
Guangdong Yuedian Corporation	Sale of goods		91,338.35
Subsidiaries previously under the control of the same parent company and ultimate controlling party		-	39,289.38

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Related parties	Content of related party transactions	Amount for the current period	Amount for the previous period
Including: Shizuishan Photovoltaic	Sale of goods		39,289.38
Total		1,580,042,517.25	377,925,929.99

11.5.2 Income and expenses of related interest

(1) Related interest income

Related parties	Content of related party transactions	Amount for the current period	Amount for the previous period
Joint ventures and associated enterprises		4,976,583.33	4,645,472.70
Dongfang MHPS	Interest income	4,976,583.33	4,645,472.70
Other enterprises controlled by the same parent company and ultimate controlling party		30,320,893.37	13,041,254.73
Honghua (China) Investment Co., LTD	Interest income	13,200,733.74	
Sichuan Honghua	Interest income	401,411.96	135,081.91
Dongshu new materials	Interest income	13,709,581.30	10,202,554.23
Dongfang Feiyuan (Shandong) Electronic Materials Co., LTD	Interest income	313,974.06	
Jiuquan Photovoltaic Technology	Interest income	456,184.50	667,146.89
Quzhou Huijie New Energy	Interest income	2,239,007.81	2,036,471.70
Subsidiaries previously under the control of the same parent company and ultimate controlling party			3,685,476.42
Shizuishan Photovoltaic	Interest income		2,101,839.63
Jiuquan Solar energy	Interest income		1,583,636.79

(2) Related interest expense

Related parties	Content of related party transactions	Amount for the current period	Amount for the previous period
Parent company and ultimate controlling party		25,762,069.98	72,524,414.77
Dongfang Electric Corporation	Interest expense	25,762,069.98	72,524,414.77
Other enterprises controlled by the same parent company and ultimate controlling party		2,049,639.60	1,405,373.38
Dongfang Feiyuan (Shandong) Electronic Materials Co., LTD	Interest expense	3,722.67	
Dongfang Electric(Jiuquan)Integrated Smart Energy Technology	Interest expense	773,660.34	
Dongfang Electric International Investment	Interest expense	320,876.01	371,097.83
Dongfang Sharing	Interest expense	301,719.49	333,193.51
Jiuquan Photovoltaic Technology	Interest expense	21,467.84	12,996.24
Honghua Corporation	Interest expense		0.06
Dongshu new materials	Interest expense	164,010.34	392,314.29
Emeishan Eban High Purity Material	Interest expense	75,973.56	87,277.63
Quzhou Huihe New Energy	Interest expense	24,518.65	51,220.72
Dongfang Jiuquan Huineng	Interest expense	125,875.79	157,273.10
Sichuan Honghua Electric Co. LTD	Interest expense	0.42	
Honghua (China) Investment Co., LTD	Interest expense	0.22	

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Related parties	Content of related party transactions	Amount for the current period	Amount for the previous period
Sichuan Honghua Petroleum Equipment Co. LTD	Interest expense	3,747.16	
Honghua Marine Oil&Gas Equipment (Jiangsu) Co.,Ltd. (hereinafter referred to as Honghua Marine Co. LTD)	Interest expense	0.22	
Sichuan Honghua International Science and Trade Co. LTD	Interest expense	0.19	
Dongyao New Energy (Zhangbei County) Co. LTD	Interest expense	233,009.21	
Qinhuangdao Juxing Photovoltaic Power Co. LTD	Interest expense	1,057.49	
Joint ventures and associated enterprises		4,378.23	
Dongfang MHPS	Interest expense	4,378.23	
Subsidiaries previously under the control of the same parent company and ultimate controlling party			161,428.95
Shizuishan Photovoltaic	Interest expense		33,204.79
Emei Semiconductor Materials Institute	Interest expense		72,048.74
Jiuquan Solar energy	Interest expense		56,175.42

11.5.3 Related leasing

Company as the lessor:

Name of lessee	Types of leased assets	Rental income recognized in the current period	Lease income recognised in the previous period
Dongshu New Material	Fixed assets houses, machinery and equipment	472,517.80	

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Our company acts as the lessee

Name of lessor	Types of leased assets	Rental costs for simplified treatment		Pay the rent		Interest expense on lease liabilities		Increased use-right assets		Depreciation of use-right assets	
		Amount for the current period	Amount for the previous period	Amount for the current period	Amount for the previous period	Amount for the current period	Amount for the previous period	Amount for the current period	Amount for the previous period	Amount for the current period	Amount for the previous period
Dongfang Electric Corporation Co. LTD	Buildings, machinery and equipment	10,259,176.63	8,939,163.11	101,196,360.59	103,264,636.01	1,683,422.57	6,640,584.00	139,501,881.11	850,250.19	86,562,596.41	83,709,244.10

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11.5.4 Related guarantee

Our company as the guarantor:

The guaranteed party	Amount guaranteed	Commencement date of guarantee	Maturity date of guarantee	Whether the guarantee has been fulfilled
Mitsubishi Heavy Industries Dongfang Gas Turbine Co.,LTD.	24,500,000.00	2016/9/22	Termination date of long-term Service Agreement	no
Inner Mongolia Energy Power Generation Red Mud Well Wind Power Co., LTD	16,000,000.00	2016/1/19	2026/1/19	no
Inner Mongolia Mengneng Sansheng Tai Wind Power Co., LTD	16,000,000.00	2016/6/29	2026/6/29	no
Inner Mongolia Mengneng Wulan New energy Co., LTD	36,000,000.00	2016/10/27	2026/10/27	no
Total	92,500,000.00			

11.5.5 Loans from and to related parties

Related parties	Amount borrowed	Date of commencement	Date of maturity	Description
Pull in				
DongFang Electric Corporation	153,800,000.00	2021/9/29	2024/9/29	
DongFang Electric Corporation	5,000,000.00	2021/12/1	2024/12/1	
DongFang Electric Corporation	20,000,000.00	2022/9/6	2025/9/6	
DongFang Electric Corporation	20,000,000.00	2022/12/27	2025/12/27	
DongFang Electric Corporation	11,900,000.00	2023/7/7	2026/7/7	
DongFang Electric Corporation	83,400,000.00	2023/8/21	2026/8/21	
DongFang Electric Corporation	110,000,000.00	2023/8/25	2026/8/25	
DongFang Electric Corporation	30,000,000.00	2023/8/25	2026/8/24	
DongFang Electric Corporation	71,708,500.00	2023/12/25	2026/8/20	
DongFang Electric Corporation	100,000,000.00	2023/8/22	2026/7/21	
Total	605,808,500.00			
Take out				
Quzhou Huihe New Energy Technology Co. LTD	69,312,594.00	2021/6/30	2036/6/30	
Sichuan Dongshu New Materials Co., LTD	40,000,000.00	2023/3/24	2024/3/24	
Sichuan Dongshu New Materials Co., LTD	50,000,000.00	2023/5/22	2024/5/22	
Sichuan Dongshu New Materials Co., LTD	10,000,000.00	2023/5/26	2024/5/26	
Sichuan Dongshu New Materials Co., LTD	50,000,000.00	2023/7/12	2024/7/12	
Sichuan Dongshu New Materials Co., LTD	20,000,000.00	2023/7/17	2024/7/17	
Sichuan Dongshu New Materials Co., LTD	50,000,000.00	2023/8/24	2024/8/24	
Sichuan Dongshu New Materials Co., LTD	40,000,000.00	2023/9/21	2024/9/21	
MHPS Dongfang Boiler Co., LTD.	20,000,000.00	2023/3/15	2024/3/15	
MHPS Dongfang Boiler Co., LTD.	30,000,000.00	2023/6/21	2024/6/21	

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Related parties	Amount borrowed	Date of commencement	Date of maturity	Description
MHPS Dongfang Boiler Co., LTD.	30,000,000.00	2023/6/29	2024/6/29	
Jiuquan Photovoltaic Technology	5,000,000.00	2023/9/26	2024/9/26	
Honghua (China) Investment Co., LTD	445,000,000.00	2023/3/13	2026/3/13	
Sichuan Honghua Petroleum Equipment Co. LTD	533,000,000.00	2023/12/25	2024/12/25	
Total	1,392,312,594.00			

11.5.6 Remuneration of key management personnel

Item	Amount for the current period	Amount for the previous period
Compensation of key management personnel	1,985,473.00	2,335,908.00

(1) Remuneration of directors and supervisors in 2023

Name of person	Job description	Director and supervisor robe gold	Salaries and subsidies	Performance pay	Retirement benefit scheme contributions	Total
Yu Peigen	Chairman of the Board					
Zhiyuan Song	Director (s)					
Zhiquan Liu	Director and chief accountant					
Zhang Yanjun	Director, Senior Vice President					
Liu Dengqing	Independent Director	104,004.00				104,004.00
Peak of the Yellow	Independent Director	113,004.00				113,004.00
Wang Zhiwen	Chairman of the Board of Supervisors		282,276.00	577,479.74	53,742.26	913,498.00
Hu Weidong	Supervisor Supervisor					
Liang Shuo	Supervisor Supervisor		242,276.00	456,713.90	45,973.10	744,963.00
Zhang Jilie	Director, Senior Vice President					
Ma Yongqiang	Independent Director	110,004.00				110,004.00
Total		327,012.00	524,552.00	1,034,193.64	99,715.36	1,985,473.00

(2) Remuneration of directors and supervisors in 2022

Name of person	Job description	Director and supervisor robe gold	Salaries and subsidies	Performance pay	Retirement benefit scheme contributions	Total
Yu Peigen	Chairman of the Board					
Zhiyuan Song	Director (s)					
Zhiquan Liu	Director and chief accountant					
Zhang Jilie	Director, Senior Vice President					

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Name of person	Job description	Director and supervisor robe gold	Salaries and subsidies	Performance pay	Retirement benefit scheme contributions	Total
Zhang Yanjun	Director, Senior Vice President					
Liu Dengqing	Independent Director	116,004.00				116,004.00
Peak of the Yellow	Independent Director	116,004.00				116,004.00
Ma Yongqiang	Independent Director	101,004.00				101,004.00
Wang Zhiwen	Supervisor Supervisor		235,020.00	384,566.76	44,217.24	663,804.00
Hu Weidong	Supervisor Supervisor					0.00
Liang Shuo	Supervisor Supervisor		200,020.00	387,051.27	44,732.73	631,804.00
Total		333,012.00	435,040.00	771,618.03	88,949.97	1,628,620.00

Note:

1. Zhang Jilie, the former director and senior vice president of the Company, retired and left office in January 2024. Zhang Jilie did not receive remuneration from the company during the reporting period and the comparable period.

2. Xu Peng, the former director and president of the company, resigned in February 2023 and did not receive remuneration from the company in 2022.

3. Ma Yongqiang, the former independent director of the Company, resigned as an independent director of the Company in December 2023 and ceased to perform his duties as an independent director in February 2024; During the reporting period, Ma Yongqiang received a salary of 110,000 RMB(before tax).

4. Song Zhiyuan has been serving as a director of the Company since February 2023 and Liang Shuo has been serving as a supervisor of the Company since March 2023.

5. Yu Peigen, Chairman of the Board, Director Song zhiyuan, Liu Zhiquan, Director and Chief Accountant, Zhang Yanjun, Director and Senior Vice President, Supervisor Hu Weidong and Independent Director Ma Yongqiang did not receive remuneration from the Company in 2023 and the comparable periods.

6. During the current year and comparable periods, the Company has not paid any money to induce directors to join and not paid any payment been made to compensate directors for their departure.

(3) The top five highest paid employees

This year, the five highest paid individuals include zero (previous year: zero) directors, and the remuneration of the remaining five (previous year: five) highest paid individuals is as follows. The salary and subsidy in 2023 includes the incentive income of RMB 12,228,820.00 for the 2020-2022 term:

Items	Amount for year 2023	Amount for year 2022
Salaries and subsidies	19,701,351.20	6,815,434.93
Retirement benefit scheme contributions	203,788.80	195,408.00
Total	19,905,140.00	7,010,842.93

The number of highest paid individuals by pay Corporation is as follows (by headcount) :

Items	For the year 2023	For the year 2022
HK \$1 million to HK \$1.5 million	5	5
More than HK \$1.5 million	0	0
Total	5	5

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11.6 Related party receivables and payables and other unsettled items

11.6.1 Absorb monetary funds from related parties

Related parties	Type of currency	Amount at the end of the current year (original currency)	Amount at the end of current year (equivalent to RMB)	Amount at the end of last year (original currency)	Amount at the end of last year (equivalent to RMB)
Parent company and ultimate controlling party			95,460,338.18		4,114,630,027.69
Dongfang Electric Corporation	RMB	11,801,560.02	11,801,560.02	4,025,073,408.29	4,025,073,408.29
Dongfang Electric Corporation	USD	11,811,707.14	83,658,778.16	12,858,831.72	89,556,619.40
Joint ventures and associated enterprises			369,387.11		1,341,593.21
Dongfang MHPS	RMB	369,387.11	369,387.11	1,341,592.21	1,341,593.21
Other enterprises controlled by the same parent company and ultimate controlling party			381,699,281.60		246,297,193.63
Dongfang Electric Investment Management	RMB	52,236,165.71	52,236,165.71	19,846,893.16	19,846,894.16
Dongshu new material	RMB	18,068,889.24	18,068,889.24	23,773,579.73	23,773,579.73
Dongfang Feiyuan (Shandong) Electronic Materials Co., LTD	RMB	19,879,436.59	19,879,436.59		
Emeishan Eban High Purity Material	RMB	21,735,743.21	21,735,743.21	33,400,559.66	33,400,559.66
Dongfang Sharing	RMB	48,327,527.12	48,327,527.12	29,370,614.47	29,370,615.47
Dongfang Electric Corporation Smart Solar Energy Co. LTD	RMB	96,332,974.24	96,332,974.24		
Jiuquan Photovoltaic Technology	RMB	3,719,627.47	3,719,627.47	11,246,450.42	11,246,450.42
Quzhou Huihe New Energy	RMB	8,354,982.81	8,354,982.81	8,152,741.46	8,152,742.46
Dongfang Electric (Jiuquan) Integrated Smart Energy Technology	RMB	49,154,822.01	49,154,822.01	39,949,955.05	39,949,955.05
Dongyao New Energy (Zhangbei County)	RMB	35,147,112.33	35,147,112.33	80,556,093.62	80,556,094.62
Honghua Oil & Gas Engineering Services Limited	RMB	1.00	1.00	1.00	1.00
Honghua Electric	RMB	200.44	200.44	100.02	100.02
Sichuan Honghua International Science and Trade	RMB	101.19	101.19	1.00	1.00
Honghua (China) Investment Co., LTD	RMB	100.24	100.24	100.02	100.02
Honghua Marine Oil&Gas Equipment (Jiangsu)	RMB	1,300,100.24	1,300,100.24	100.02	100.02

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Related parties	Type of currency	Amount at the end of the current year (original currency)	Amount at the end of current year (equivalent to RMB)	Amount at the end of last year (original currency)	Amount at the end of last year (equivalent to RMB)
Dongyao New Energy (Fuyang) Co., LTD	RMB	20,108,000.00	20,108,000.00		
Dongyao New Energy (Qijing) Co. LTD	RMB	2,800,000.00	2,800,000.00		
Qinhuangdao Juxing Photovoltaic Power Co. LTD	RMB	4,533,497.76	4,533,497.76		
Subsidiaries previously under the control of the same parent company and ultimate controlling party					2.23
Emei Semiconductor Materials Institute	USD			0.32	2.23
Subsidiaries controlled by the same parent company and ultimate controlling party and in bankruptcy liquidation			81.51		26.96
Tongliao Wind Power	RMB	10.6	10.6	10.59	10.59
Dongfang Maiji	RMB	1.13	1.13	1.13	1.13
Hangzhou New Energy	RMB	15.24	15.24	15.24	15.24
Hangzhou New Energy	EUR	7.7	54.54		

11.6.2 Receivable items

Name of project	Related parties	Balance at end of the period		Balance at the end of last year	
		Balance of book value	Provision for bad debts	Balance of book value	Provision for bad debts
Accounts receivable		930,658,289.13	564,391,652.70	803,708,053.41	688,231,348.21
	Parent company and ultimate controlling party	5,040,000.00	1,008,000.00	5,130,000.00	508,500.00
	Dongfang Electric Corporation	5,040,000.00	1,008,000.00	5,130,000.00	508,500.00
	Joint ventures and associated enterprises	127,795,094.49	10,071,223.16	66,272,696.72	6,255,769.93
	MHPS Dongfang Boiler	68,761,977.45	6,351,300.86	38,883,294.81	4,682,135.02
	Dongfang Framatome	8,887,696.92	444,384.86	236,143.00	101,838.65
	Red mud well wind power			153,894.00	76,947.00
	Sanshengtai Wind Power	2,180,000.00	109,000.00	252.00	252.00
	Longkou Wind Power	1,149,000.00	57,450.00	21,025.00	1,051.25
	China United Heavy Gas Turbine Technology Co., LTD	19,426,000.00	971,300.00	3,281,795.00	164,089.75
	Deyang Guangda Dongqi New Material Co., LTD	19,737,722.60	1,755,152.55	21,046,847.25	1,079,452.02
	Dongfang Mitsubishi	568,520.42	28,426.03	2,649,445.66	150,004.24
	Hunan Ping AN Environmental Protection Co. LTD	6,353,646.13	317,682.31		

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Name of project	Related parties	Balance at end of the period		Balance at the end of last year	
		Balance of book value	Provision for bad debts	Balance of book value	Provision for bad debts
	Inner Mongolia Mengneng Wulan New energy Co., LTD	730,530.97	36,526.55		
	Other enterprises controlled by the same parent company and ultimate controlling party	257,399,861.61	12,889,096.51	53,335,843.07	3,120,419.73
	Dongshu new material	2,411,957.18	120,597.86	21,461,896.89	1,073,094.85
	Dongfang Investment			367,950.00	367,950.00
	Quzhou Huihe New Energy	1,421,799.38	71,089.96	4,513,687.50	225,684.38
	Jiuquan Integrated Smart Energy	11,225,919.00	561,295.95	21,350,593.40	1,067,529.67
	Dongyao New Energy (Fuyang) Co., LTD	7,785,368.89	389,268.44		
	Dongyao New Energy (Qujing) Co. LTD	86,999,520.00	4,349,976.00		
	Dongyao New Energy (Zhangbei County) Co. LTD	48,309,511.79	2,415,475.59		
	Qinhuangdao Juxing Photovoltaic Power Co. LTD	18,388,940.00	919,447.00		
	Honghua Electric	1,999,828.19	118,502.11	770,214.00	38,510.70
	Gansu Hongteng Oil and Gas Equipment Manufacturing Co. LTD	12,863,856.89	643,192.84		
	Sichuan Honghua	65,993,160.29	3,300,250.76	4,871,501.28	347,650.13
	Subsidiaries controlled by the same parent company and ultimate controlling party and in bankruptcy liquidation	538,428,214.91	538,428,214.91	664,270,618.32	664,270,618.32
	Jiuquan New Energy	241,923,123.05	241,923,123.05	306,562,559.25	306,562,559.25
	Tongliao Wind Power	207,107,394.98	207,107,394.98	207,107,394.98	207,107,394.98
	Hangzhou New Energy	89,397,696.88	89,397,696.88	84,310,255.67	84,310,255.67
	Zhonghe hai dan			66,290,408.42	66,290,408.42
	Subsidiaries previously under the control of the same parent company and ultimate controlling party	1,995,118.12	1,995,118.12	8,512,836.41	8,512,836.41
	Dongfang Maiji	1,995,118.12	1,995,118.12	1,995,118.12	1,995,118.12
	Chengdu DongFANG ELECTRIC TECHNOLOGY Industry Co. LTD			6,517,718.29	6,517,718.29
	Investors with significant influence			6,186,058.89	5,563,203.82
	Huaxi Energy			6,186,058.89	5,563,203.82
Notes receivable		16,507,526.58	590,376.33	152,942,136.83	3,387,230.91
	Joint ventures and associated enterprises	16,507,526.58	590,376.33	103,334,098.73	3,387,230.91
	MHPS Dongfang Boiler	16,507,526.58	590,376.33	34,632,533.66	1,360,293.35
	Deyang Guangda Dongqi New Material			68,701,565.07	2,026,937.56
	Other enterprises controlled by the same parent company and ultimate controlling party			49,608,038.10	
	Dongshu new material			49,608,038.10	
Payment in advance		508,101,682.15		344,934,616.13	

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Name of project	Related parties	Balance at end of the period		Balance at the end of last year	
		Balance of book value	Provision for bad debts	Balance of book value	Provision for bad debts
	Joint ventures and associated enterprises	456,188,160.90		231,443,961.64	
	Dongfang Mitsubishi			24,643,558.37	
	Deyang Guangda Dongqi New Material			77,852,184.93	
	MHPS Dongfang Boiler	452,198,160.90		128,948,218.34	
	Hunan Ping AN Environmental Protection Co. LTD	3,990,000.00			
	Other enterprises controlled by the same parent company and ultimate controlling party	51,913,521.25		113,490,654.49	
	Dongshu new material	26,632,516.50		81,873,500.00	
	Honghua Ocean			1,016,337.49	
	Honghua Electric	8,901,690.87			
	Sichuan Honghua	16,288,813.88		30,600,817.00	
	Dongfang Electric Corporation (Chengdu) Sharing Service Co. LTD	90,500.00			
Other receivables		2,920,364.18	2,848,897.96	3,913,563.32	3,055,299.62
	Subsidiaries controlled by the same parent company and ultimate controlling party and in bankruptcy liquidation	2,845,136.58	2,845,136.58	3,913,563.32	3,055,299.62
	Hangzhou New Energy	2,845,136.58	2,845,136.58	2,845,136.58	2,845,136.58
	Zhonghe hai dan			1,068,426.74	210,163.04
	Joint ventures and associated enterprises	75,227.60	3,761.38		
	Deyang Guangda Dongqi New Material	75,227.60	3,761.38		
Interest receivable				9,500.00	
	Other enterprises controlled by the same parent company and ultimate controlling party			9,500.00	
	Dongshu new material			9,500.00	
Taxes payable		189,422,518.66	1,040,363.90	22,224,999.32	1,425,668.47
	Other enterprises controlled by the same parent company and ultimate controlling party	174,631,636.67	195,437.07	12,359,330.73	15,500.00
	Sichuan Honghua	2,081,501.28	104,075.06	310,000.00	15,500.00
	Quzhou Huihe New Energy	29,586,503.01		12,049,330.73	
	Dongyao New Energy (Fuyang) Co., LTD	141,136,392.28			
	Honghua Electric	1,827,240.10	91,362.01		
	Joint ventures and associated enterprises	14,790,881.99	844,926.83	9,687,668.59	1,249,968.47
	MHPS Dongfang Boiler	2,951,461.74	252,955.82	9,687,668.59	1,249,968.47
	China United Heavy Gas Turbine Technology	7,883,000.00	394,150.00		
	Hunan Ping AN Environmental Protection Co. LTD	3,956,420.25	197,821.01		

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Name of project	Related parties	Balance at end of the period		Balance at the end of last year	
		Balance of book value	Provision for bad debts	Balance of book value	Provision for bad debts
	Investors with significant influence			178,000.00	160,200.00
	Huaxi Energy			178,000.00	160,200.00
Entrusted loans		395,326,514.45	395,326,514.45	395,326,514.45	395,326,514.45
	Subsidiaries controlled by the same parent company and ultimate controlling party and in bankruptcy liquidation	395,326,514.45	395,326,514.45	395,326,514.45	395,326,514.45
	Hangzhou New Energy	395,326,514.45	395,326,514.45	395,326,514.45	395,326,514.45
Issue loans and advances		514,312,594.00	66,750,000.00	56,720,000.00	
	Other enterprises controlled by the same parent company and ultimate controlling party	514,312,594.00	66,750,000.00	56,720,000.00	
	Honghua (China) Investment Co., LTD	445,000,000.00	66,750,000.00		
	Quzhou Huihe New Energy	69,312,594.00		56,720,000.00	
Other current assets		923,000,000.00	41,874,700.00	405,000,000.00	
	Joint ventures and associated enterprises	80,000,000.00		60,000,000.00	
	MHPS Dongfang Boiler	80,000,000.00		60,000,000.00	
	Other enterprises controlled by the same parent company and ultimate controlling party	843,000,000.00	41,874,700.00	345,000,000.00	
	Jiuquan Photovoltaic Technology	5,000,000.00		15,000,000.00	
	Dongshu new material	260,000,000.00		330,000,000.00	
	Sichuan Honghua Petroleum	533,000,000.00	35,124,700.00		
	Dongfang FeiYUAN (Shandong) Electronic Material Co., LTD	45,000,000.00	6,750,000.00		
Discounted assets		7,299,797.00		21,574,671.97	
	Joint ventures and associated enterprises	7,299,797.00		9,226,666.66	
	MHPS Dongfang Boiler			9,226,666.66	
	Deyang guangda Dongqi	7,299,797.00			
	Other enterprises controlled by the same parent company and ultimate controlling party			12,348,005.31	
	Dongshu new materials			12,348,005.31	

11.6.3 Items payable

Name of project	Related parties	Balance at end of the period	Balance at the end of last year
Accounts payable		870,621,405.08	417,258,844.61
	Parent company and ultimate controlling party	4,627,296.00	23,704,371.70
	Dongfang Electric Corporation	4,627,296.00	23,704,371.70
	Joint ventures and associated enterprises	654,923,958.27	207,898,303.97

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Name of project	Related parties	Balance at end of the period	Balance at the end of last year
	MHPS Dongfang Boiler	485,711,248.18	172,785,904.36
	Dongfang Framatome	4,130.00	17,391.69
	Dongfang Mitsubishi	52,586,948.73	
	Deyang guangda Dongqi	116,621,631.36	35,095,007.92
	Other enterprises controlled by the same parent company and ultimate controlling party	206,278,221.93	139,953,024.51
	Dongshu new material	63,198,181.95	92,220,354.41
	Honghua Electric	37,104,419.63	24,585,287.15
	Hanzheng Testing	6,181,031.28	334,381.62
	Sichuan Honghua	92,515,946.32	19,473,300.11
	Dongfang Sharing	148,400.00	
	Honghua Ocean	5,703,493.77	3,303,950.24
	Dongfang maiji	35,750.98	35,750.98
	Gansu Hongteng	1,390,998.00	
	Subsidiaries under the same parent company and ultimate control and in bankruptcy liquidation	3,905,645.69	45,464,801.16
	Hangzhou New Energy	3,905,645.69	44,239,801.16
	Zhonghe hai dan		1,225,000.00
	Investors with significant influence	886,283.19	238,343.27
	Huaxi Energy	886,283.19	238,343.27
Contract liabilities		469,785,729.51	483,557,651.62
	Joint ventures and associated enterprises	371,171,317.73	406,207,280.11
	Dongfang Mitsubishi	276,076,175.55	232,420,043.03
	Dongfang Framatome	34,081,601.76	111,313,601.00
	MHPS Dongfang Boiler	904,936.83	2,350,186.90
	Red mud well wind power		1,859,361.73
	Sanshengtai Wind Power		4,615,459.20
	Inner Mongolia Mengneng Wulan New energy Co., LTD		2,621,586.18
	China United Heavy Gas Turbine Technology Co., LTD	60,108,603.59	51,027,042.07
	Other enterprises controlled by the same parent company and ultimate controlling party	98,614,411.78	77,350,371.51
	Quzhou Huihe New Energy	3,790,451.33	
	Dongfang Jiuquan Huineng	12,984,904.13	3,600,383.59
	Dongyao Qujing New energy	48,500,000.00	
	Dongyao Zhangbei Xineng	32,857,190.10	73,422,105.00
	Dongshu new material	477,876.11	
	Sichuan Honghua	3,990.11	

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Name of project	Related parties	Balance at end of the period	Balance at the end of last year
	Honghua Ocean		327,882.92
Other payables		219,727,038.68	203,750,824.00
	Parent company and ultimate controlling party	204,163,316.92	203,123,584.00
	Dongfang Electric Corporation	204,163,316.92	203,123,584.00
	Other enterprises controlled by the same parent company and ultimate controlling party	3,812,160.00	500,000.00
	Dongfang Sharing		500,000.00
	Dongshu new material	3,812,160.00	
	Joint ventures and associated enterprises	11,624,321.76	
	Dongfang Framatome	390,114.67	
	Dongfang Mitsubishi	11,234,207.09	
	Subsidiaries in the state of bankruptcy and liquidation	127,240.00	127,240.00
	Hangzhou New Energy	127,240.00	127,240.00
Interest payable			7,526,176.87
	Parent company and ultimate controlling party		7,069,019.23
	Dongfang Electric Corporation		7,069,019.23
	Other enterprises controlled by the same parent company and ultimate controlling party		457,157.64
	Dongshu new material		49,958.32
	Dongfang Investment		230,793.75
	Dongfang Sharing		176,405.57
Lease liabilities		69,750,940.55	25,458,120.76
	Parent company and ultimate controlling party	69,750,940.55	25,458,120.76
	Dongfang Electric Corporation	69,750,940.55	25,458,120.76
Non-current liabilities due within one year		236,067,657.35	86,977,661.24
	Parent company and ultimate controlling party	236,067,657.35	86,977,661.24
	Dongfang Electric Corporation	236,067,657.35	86,977,661.24
Long-term borrowings			
	Parent company and ultimate controlling party	840,808,500.00	298,800,000.00
	Dongfang Electric Corporation	840,808,500.00	298,800,000.00

12 Share-based payment

12.1 General information of share-based payment

Total amount of equity instruments granted by the company in the current period	None
Total amount of all equity instruments of the company that have lapsed in the current period	274,000
The range of exercise prices of stock options issued by the company at the end of the period and the remaining term of the contract	5.93-6.54 yuan/share, the maximum exercise period shall not exceed 48 months
The range of exercise prices of other equity instruments issued by the company at the end of the period and the remaining contract term	None

12.2 Equity-settled share-based payments

12.2.1 Validity period, restriction period and rescission arrangement:

(1)The valid period of this incentive plan is from the day when the registration of the restricted stocks granted for the first time is completed to the date when the sales restrictions, purchase or cancellation on all the restricted stocks granted to incentive objects are lifted, with a maximum of 72 months.

(2)The periods of restricted sales granted in this incentive plan are respectively 24 months,36 months or 48 months from the date when the registration of the restricted stocks corresponding to the granted part is completed. The restricted stocks granted by incentive objects under this incentive plan shall not be transferred, used to guarantee or repay for debts before the sales restrictions are lifted.

After the period of restricted sales expires, the Company handles the lifting of restricted sales for the incentive objects eligible for lifting the restricted sales. Restricted stocks held by the incentive objects not eligible for lifting the restricted sales will be repurchased and cancelled by the Company

(4)The time of lifting restricted sales of the restricted stocks granted for the first time and reserved for grant under the incentive plan and the time of lifting restricted sales in various periods are shown in the table below:

Lift the restriction period	Lift the restriction time	Lift the restriction ratio
The first and reserved first release period	From the first trading day after 24 months from the date of completion of registration of the corresponding portion of restricted shares to the last trading day within 36 months from the date of completion of registration of the corresponding portion of restricted shares	1/3
The first and reserved second	From the first trading day after 36 months from the date of completion of registration of the corresponding portion of restricted shares to the last trading day within 48 months from the date of completion of registration of the corresponding portion of restricted shares	1/3
Lift the restriction period	From the first trading day after 48 months from the date of completion of registration of the corresponding portion of restricted shares to the last trading day within 60 months from the date of completion of registration of the corresponding portion of restricted shares	1/3

The Company will repurchase and cancel the restricted stocks in principles stipulated in the incentive plans, provided that the restricted sales for restricted stocks cannot be lifted within the above-mentioned agreed period. The restricted stocks obtained by incentive objects, are restricted for sales together with the shares obtained from conversion of capital reserves into share capital, stock dividends or stock split, may not be sold in the secondary market or transferred otherwise. The unlocking period of such shares is the same as that of restricted stocks. If the company repurchases restricted stocks that have not been lifted,

the stocks will be repurchased and cancelled together.

(4)The incentive objects entitled to unlock restricted stocks, when trying to unlock and sell the restricted stocks granted to them, shall not only meet the relevant requirements consistent with the granting conditions, but also meet the following conditions:

1)Company-level performance appraisal requirements

The restricted stocks granted for the first time by this incentive plan will be subject to annual performance assessment and the restriction on sale will be lifted in the 3 fiscal years from 2020 to 2022.The assessment will be conducted once in each fiscal year to achieve the company's performance assessment target as the incentive object to be lifted.

Lift the restriction period	Performance appraisal objectives
The first lifting restriction period	(1) Based on the net profit in 2018, the compound growth rate of net profit in 2020 shall not be less than 10% and not lower than the average performance of the industry; (2) the return on net assets in 2020 shall not be less than 4% and not lower than the average performance of the industry; (3) the Δ EVA in 2020 shall be positive.
The second lifting period	(1) Based on the net profit in 2018, the compound growth rate of net profit in 2021 shall not be less than 10% and not lower than the average performance of the industry; (2) In 2021, the return on equity shall not be less than 4.5% and not lower than the average performance of the industry; (3) Δ EVA is positive in 2021.
The third lifting period	(1) Based on the net profit in 2018, the compound growth rate of net profit in 2022 shall not be less than 10% and not lower than the average performance of the industry; (2) Return on equity in 2022 shall not be less than 5% and not less than the average performance of the industry; (3) Δ EVA is positive in 2022.

The reserved part will be sold in 2020, and the annual performance assessment targets of the reserved part are shown in the following table:

Lift the restriction period	Performance appraisal objectives
The first lifting restriction period	(1) Based on the net profit in 2018, the compound growth rate of net profit in 2021 shall not be less than 10% and not lower than the average performance of the industry; (2) In 2021, the return on equity shall not be less than 4.5% and not lower than the average performance of the industry; (3) Δ EVA is positive in 2021.
The second lifting period	(1) Based on the net profit in 2018, the compound growth rate of net profit in 2022 shall not be less than 10% and not lower than the average performance of the industry; (2) Return on equity in 2022 shall not be less than 5% and not less than the average performance of the industry; (3) Δ EVA is positive in 2022.
The third lifting period	(1) Based on the net profit in 2018, the compound growth rate of net profit in 2023 shall not be less than 10% and not lower than the average performance of the industry; (2) The return on equity in 2023 shall not be less than 5.5% and not lower than the average performance of the industry; (3) Positive Δ EVA in 2023.

Note:

- ① The above-mentioned "net profit" indicators refer to the net profit attributable to shareholders of listed companies; "Return on net assets" refers to weighted average return on net assets.
- ② During the validity period of the equity incentive plan, if the company has additional issuance, share allotment and other matters that lead to changes in net assets, the amount of changes in net assets caused by the matters and the corresponding income amount generated will be excluded during the assessment (if the corresponding income amount cannot be accurately calculated, it can be calculated and determined by multiplying the actual financing amount after deducting the financing cost by the interest rate of the national debt in the same period).

The incentive cost generated by this incentive plan will be charged in the administrative expenses. If the company's performance appraisal target for a certain period of lifting the restricted sale of restricted stocks has not been achieved, all restricted stocks of the incentive object in the current period cannot be lifted, and the company will repurchase and cancel it according to this incentive plan at the lower of the grant price and the stock market price at the time of repurchase (the average trading price of the company's underlying stocks one trading day before the announcement of the resolution of the board of directors considering repurchase).

2) Personal performance appraisal requires that during the validity period of this incentive plan, the personal performance appraisal of all incentive objects shall be based on the current performance of the company.

2. The sale restriction will be unlocked this year

(1) On December 8, 2021, the company held the seventh session of the 10th session of the board of directors and the fourth session of the 10th session of the board of supervisors, and deliberated and passed the "Motion on the First Grant of the First Phase of the 2019 A-Share Restricted Stock Incentive Plan to Lift the Restricted Sale Conditions". After deliberation, the first tranche of the Company's 2019 A-share Restricted Stock Incentive Plan has been granted, and the Company has agreed to handle the relevant lifting of restricted shares for 759 eligible incentive recipients. The number of restricted shares released from sale is 9,082,232, and the listing and circulation date of this release is January 10, 2022.

(2) On October 27, 2022, the company held the eleventh meeting of the 10th session of the board of supervisors, and deliberated and passed the "Motion on the Achievement of the First Phase of the Reserved Grant of the 2019 A-share Restricted Stock Incentive Plan". On October 28, 2022, the company held the 17th meeting of the 10th session of the board of directors and deliberated and passed the "Motion on the Achievement of the First Phase of the Reserved Grant of the 2019 A-share Restricted Stock Incentive Plan to Lift the Restricted Sale Conditions". After deliberation, the first phase of the Company's 2019 A-share Restricted Stock Incentive Plan (hereinafter referred to as the "Incentive Plan") has been achieved, and the Company agrees to uniformly handle the lifting of the restriction for the 25 incentive recipients who meet the conditions for unlocking. The number of restricted shares released is 298,998, and the listing and circulation date of the released restricted shares is November 28, 2022.

(3) On December 27, 2022, Dongfang Electric held the 12th meeting of the 10th Board of Supervisors to review and approve the Proposal on the Achievement of lifting the Conditions for the First grant of the second phase of the 2019 A-Share Restricted Stock Incentive Plan and other proposals. On December 28, 2022, the company held the 21st meeting of the 10th Board of Directors to review and approve the Proposal on the achievement of lifting the conditions for the first grant of the second phase of the 2019 A-share Restricted Stock Incentive Plan and other proposals. After review, the conditions for rescission of the second phase of the Company's 2019 A-share restricted Stock Incentive Plan (hereinafter referred to as the "Incentive Plan") for the first time have been achieved, and the Company agrees to handle relevant rescission of restricted stock for 744 incentive objects that meet the rescission conditions. The number of restricted shares to be released from the sale restriction is 8,852,565 shares, and the listing and circulation date of the restricted shares to be released from the sale restriction is January 9, 2023.

(4) On 27 October 2023, Dongfang Electric held the 18th meeting of the 10th session of the Board of Supervisors; On October 30, 2023, the company held the 31st meeting of the 10th Board of Directors, and both meetings deliberated and approved the Proposal on the Achievement of lifting the Conditions for the second phase of the 2019 A-share Restricted Stock Incentive Plan Reserved Grant. After deliberation, the conditions for rescission of the second phase of the Company's 2019 A-share restricted Stock Incentive Plan (hereinafter referred to as the "Incentive Plan") have been achieved, and the Company agrees to uniformly handle the rescission of the restriction for the 24 incentive objects that meet the unlocking conditions. The number of restricted shares to be released from the sale restriction is 292,333, and the listing and circulation date of the restricted shares to be released from the sale restriction is November 27, 2023

12.2.2 Lifting of restriction this year

(1) On December 8, 2021, the company held the seventh session of the tenth Board of Directors and the fourth session of the tenth Board of Supervisors, and deliberated and approved the Proposal on the Achievement of lifting the Conditions for the first phase of the 2019 A-share Restricted Stock Incentive Plan. After review, the conditions for rescission of the first phase of the company's 2019 A-share restricted stock incentive plan have been achieved, and the Company agrees to handle relevant rescission of restricted stock for 759 incentive objects meeting the unlocking conditions. The number of restricted shares to be released from the sale restriction is 9,082,232 shares, and the listing and circulation date of the restricted shares to be released from the sale restriction is January 10, 2022.

(2) On October 27, 2022, the company held the 11th meeting of the 10th Board of Supervisors and deliberated and approved the Proposal on the Achievement of lifting the Conditions for the first phase of the 2019 A-share Restricted Stock Incentive Plan Reserved Grant. On October 28, 2022, the company held the 17th meeting of the 10th Board of Directors and deliberated and approved the Proposal on the Achievement of lifting the Conditions for the first phase of the 2019 A-share Restricted Stock Incentive Plan Reserved Grant. After deliberation, the conditions for rescission of the first phase of the Company's 2019 A-share restricted stock Incentive Plan (hereinafter referred to as the Incentive Plan) have been achieved, and the Company agrees to uniformly handle the rescission of the restriction for the 25 incentive objects that meet the unlocking conditions. The number of restricted shares to be released from the sale restriction is 298,998 shares, and the listing and circulation date of the restricted shares to be released from the sale restriction is November 28, 2022.

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(4) On 27 October 2023, Dongfang Electric held the 18th meeting of the 10th session of the Board of Supervisors; On October 30, 2023, the company held the 31st meeting of the 10th Board of Directors, and both meetings deliberated and approved the Proposal on the Achievement of lifting the Conditions for the second phase of the 2019 A-share Restricted Stock Incentive Plan Reserved Grant. After deliberation, the conditions for rescission of the second phase of the Company's 2019 A-share restricted Stock Incentive Plan (hereinafter referred to as the "Incentive Plan") have been achieved, and the Company agrees to uniformly handle the rescission of the restriction for the 24 incentive objects that meet the unlocking conditions. The number of restricted shares to be released from the sale restriction is 292,333, and the listing and circulation date of the restricted shares to be released from the sale restriction is November 27, 2023.

12.3 Cash-settled share-based payment

None.

12.4 Adjustment to and termination of share-based payment

None.

13 Commitments and contingencies

13.1 Important commitments

13.1.1 Significant commitments existing on the balance sheet date

(1) The Company's capex commitment as of December 31, 2023

Capital expenditure commitments signed but not recognized in the financial statements:

Items	As at December 31, 2023	As at December 31, 2022
Basic infrastructure	127,910,382.79	221,130,639.32
Equipment and equipment	512,955,116.84	356,611,657.34
Total	640,865,499.63	577,742,296.66

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As of December 31, 2023, the company has a total of 640,865,499.63 yuan of agreed major foreign investment expenditures that have been signed but not paid, the details are as follows:

Unit of commitment	Name of investment project	Contract investment amount	The amount of investment paid	Unpaid investment	Estimated investment period
The Company and its subsidiaries	Basic infrastructure	265,677,815.10	137,767,432.31	127,910,382.79	2024-2025 年
The Company and its subsidiaries	Equipment and equipment	972,262,022.90	459,306,906.06	512,955,116.84	2024-2026 年
	Total	1,237,939,838.00	597,074,338.37	640,865,499.63	

(2) Lease contracts signed and being or to be performed and their financial impact

As of December 31, 2023, the company's minimum future rent payable for the following periods under the irrevocable operating lease as the lessee is summarized as follows:

Items	As at December 31, 2023	As at December 31, 2022
Within 1 years	4,560,721.23	8,807,889.85
The second year	2,182,236.92	1,957,813.55
Third year	1,968,461.60	2,036,126.09
The fourth year	937,605.62	2,117,587.46
The fifth year		1,008,636.35
More than five years		

13.1.2 The company shall also explain that it has no commitments that need to be disclosed
None.

13.2 Important Contingent Events on the Balance Sheet Date

13.2.1 Contingent liabilities related to investments in joint ventures and associates
None.

13.2.2 Contingencies arising from pending litigation or arbitration and their financial
None.

13.2.3 Contingencies arising from the provision of external debt guarantees and their financial implications
As of December 31, 2023, the company has provided the following guarantees for non-related parties:

Name of the guaranteed entity	Matters of guarantee	Amount of money	Term of office
Dongfang Mitsubishi	Performance guarantee	24,500,000.00	Termination date of long-term Service Agreement
Red mud well wind power	Guarantee of credit	16,000,000.00	2026/1/19
Sanshengtai Wind Power	Guarantee of credit	16,000,000.00	2026/6/29
Ulan New Energy	Guarantee of credit	36,000,000.00	2026/10/27
Total		92,500,000.00	

Description: Long-term Management Agreement for M701F Gas Turbine Components, Component Maintenance and Technical Consulting Services proposed to be entered into between Dongfang Mitsubishi and CNOOC Zhuhai Gas Power Co., LTD., Zhongshan Jiaming Power Co., LTD., CNOOC Fujian Gas Power Co., LTD., and Guangdong Huizhou Gas Power Co., LTD. (collectively, the "Owners") (hereinafter referred to as the Gas Turbine Long-term Service Agreement), the Gas Turbine Long-term

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Service Agreement involves 12 units, and the owner requires the parent company of Dongfang Mitsubishi (Mitsubishi Hitachi Electric Power System Co., Ltd. and the company) to sign the Parent Company Guarantee Agreement to guarantee the performance of the agreement by Oriental Mitsubishi. The total amount of guarantee for this long-term service agreement is 50 million RMB, and the company will provide 24.5 million RMB of guarantee according to the proportion of equity held by Dongfang Mitsubishi. Guarantee Period: After the expiration or termination of the Gas Turbine Long-term Service Agreement, the guarantee liability shall have full effect to the extent that the Seller's obligations or liabilities under the contract continue until the Seller's obligations and liabilities under or in connection with the contract (including but not limited to guarantee obligations) have been performed without defect.

13.2.4 Issue letters of guarantee and letters of credit

(1) Outstanding letters of guarantee: Letters of guarantee issued by the Company as of December 31, 2023:

Name of company	Type of business	Type of currency	Balance as at 31 December 2023 (equivalent to RMB)
Company	Letter of guarantee	RMB	3,612,438,440.29
Dongfang boiler	Letter of guarantee	RMB	3,434,925,734.16
Dongfang boiler	Letter of guarantee	USD	3,781,028.57
Dongfang Electric Machinery	Letter of guarantee	USD	534,280,374.97
Dongfang Electric Machinery	Letter of guarantee	RMB	3,313,530,812.46
Dongfang Electric Machinery	Letter of guarantee	VEF	6,930.68
Dongfang Electric International Corporation	Letter of guarantee	RMB	4,244,174,000.00
Dongfang turbine	Letter of guarantee	RMB	3,967,810,640.38
Dongfang turbine	Letter of guarantee	USD	34,752.00
Dongfang turbine	Letter of guarantee	EUR	14,659,643.94
Dongfang Electric Autocontrol	Letter of guarantee	RMB	121,478,805.95
Dongfang Electric (Sichuan) Supplies	Letter of guarantee	RMB	37,117,337.50
Dongfang Heavy Machinery	Letter of guarantee	RMB	531,417,721.76
Dongfang Heavy Machinery	Letter of guarantee	EUR	33,704.00
Dongfang Wuhan Nuclear Core	Letter of guarantee	RMB	173,874,688.19

(2) Outstanding letters of credit: Irrevocable letters of credit issued by the Company as of December 31, 2023:

Name of company	Type of business	Type of currency	Balance as at 31 December 2023 (equivalent to RMB)
Dongfang Electric Machinery	Letter of credit	USD	3,743,244.13
Dongfang Electric Machinery	Letter of credit	EUR	13,310,121.06
Dongfang Electric Machinery	Letter of credit	JPY	33,745,244.95
Dongfang Electric Machinery	Letter of credit	CHF	4,103,929.59
Dongfang boiler	Letter of credit	USD	680,697,054.38
Dongfang boiler	Letter of credit	EUR	37,836,628.29
Dongfang turbine	Letter of credit	USD	89,861,393.47
Dongfang turbine	Letter of credit	EUR	462,648,877.16
Dongfang turbine	Letter of credit	JPY	579,386,434.65

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Name of company	Type of business	Type of currency	Balance as at 31 December 2023 (equivalent to RMB)
Dongfang turbine	Letter of credit	GBP	6,763,158.38
Dongfang Electric International Corporation	Letter of credit	RMB	1,325,218,500.00
Dongfang Electric (Sichuan) Supplies	Letter of credit	EUR	1,501,483.58

13.2.5 Loan commitments

None.

13.2.6 Other contingent liabilities (excluding contingent liabilities that are highly unlikely to result in outflow of economic benefits from the enterprise)

None.

13.2.7 Contingent assets

As of December 31, 2023, the Company has no other material contingencies that should be disclosed and not disclosed.

14 Post balance sheet events

14.1 Important non-adjustment events

None.

14.2 profits Distribution

Proposed distribution of profits or dividends	1,480,812,242.08
Profits or dividends declared after consideration and approval	1,480,812,242.08

The Company held the thirty-sixth meeting of the tenth board of Directors on March 28, 2024, reviewed and approved the profit distribution plan for 2023, and distributed cash dividends of RMB 1,480,812,242.08 based on the total share capital of the Company of 3,117,499,457 shares when the board of Directors was held on March 28, 2024. Cash dividend per share of RMB 0.475 (before tax). The proposal still needs to be submitted to the 2024 annual general meeting for approval.

14.3 Notes to other post-balance sheet events

None.

15 Other important matters

15.1 Correction of accounting errors in the previous period

None.

15.2 Replacement of assets

15.2.1 Exchange of non-monetary assets

Dongfang Electric and Sichuan New Energy Power Co., LTD. (hereinafter referred to as "Sichuan Energy Power") signed the Asset Purchase Agreement between Sichuan New Energy Power Co., LTD and Dongfang Electric Co., LTD on Sichuan Energy Investment Wind Power Co., LTD. (hereinafter referred to as the "Purchase Agreement") on January 19, 2023. It is agreed that Sichuan Energy Power will acquire 20% equity of Sichuan Energy Investment Wind Power Co., LTD. (hereinafter referred to as the underlying assets) held by Dongfang Electric by issuing shares to Dongfang Electric. On September 6, 2023, China Securities Regulatory Commission (CSRC) approved Sichuan Energy Power to issue shares

to Dongfang Electric and Chengdu Mingyong Investment Co., Ltd. to purchase certain underlying equity including the above underlying assets.

Dongfang Electric has delivered the underlying assets to Chuaneng Power on December 8, 2023 as agreed in the acquisition agreement.

As of the approval date of this financial statement, part of the underlying equity involved in the purchase of assets by issuing shares and raising supporting funds by Sichuan Energy Power has been transferred, and Sichuan Energy Power is actively promoting the implementation of the remaining underlying equity transaction. Dongfang Electric will complete the relevant work of share issuance by Sichuan Energy Power in accordance with the above approval of China Securities Regulatory Commission, To acquire the shares issued by Sichuan Energy Power for the purchase of the underlying assets.

According to the application guide of Accounting Standards for Business Enterprises No. 7 - Exchange of Non-Monetary Assets, Dongfang Electric recognizes the right to acquire the exchange of assets as an asset and reports it in other non-current assets while ending the recognition of the exchange of assets.

15.2.2 Replacement of other assets

None.

15.3 Annuity plan

The Company, according to the State-owned Assets Supervision and Administration Commission of the State Council, "Reply Letter on the Trial Enterprise Annuity System of China Dongfang Electric Corporation Company" (State-owned Assets Distribution [2007] No. 1201) and "Letter on the record of Enterprise annuity plan of 11 units such as China Aerospace Science and Industry Group Company Limited" (State Assets Department Exam [2019] No. 65), The General Office of the Ministry of Human Resources Social Security issued a letter on the filing of the Enterprise annuity plan of 17 units such as China Taiping Insurance Corporation Co., LTD. (Letter [2018] No. 334 of the Human Resources and Social Security Department), in accordance with the method of joint payment by enterprises and employees, annuity costs are included in the current annual costs. The annuity will be deposited into the trustee account of the Enterprise annuity Fund every year, and will be entrusted by Dongfang Electric Corporation Company to China Life Pension Insurance Co., LTD for operation and management.

15.4 Terminating the operation

Not involved.

15.5 Division information

15.5.1 Determination basis and accounting policies of reporting divisions

The company determines its operating divisions based on its internal organizational structure, management requirements and internal reporting system. An operating segment of the Company refers to a component that simultaneously satisfies the following conditions:

- (1) The component is able to generate income and incur expenses in daily activities;
- (2) The management can regularly evaluate the operating results of the component to decide to allocate resources to it and evaluate its performance;
- (3) Able to obtain the financial position, operating results, cash flow and other relevant accounting information of the component.

The Company determines a reporting segment on the basis of an operating segment, and an operating segment that meets one of the following conditions is identified as a reporting segment:

- (1) The segment revenue of the operating segment accounts for 10% or more of the total revenue of all segments;
- (2) The absolute segment profit (loss) of the segment accounts for 10% or more of the greater of the total profit of all profitable segments or the total loss of all loss-making segments.

If the ratio of the total amount of foreign transaction income of the operating segment of the reportable segment to the consolidated total revenue determined in accordance with the above accounting policies does not reach 75%, the number of reportable segments shall be increased, and other operating segments not treated as reportable segments shall be included in the scope of the reportable segment according to the following provisions until the proportion reaches 75%:

- (1) Identify the operating segment that the management considers useful for the users of accounting information to disclose the information of the operating segment as the reporting segment;
- (2) Combine the operating segment with one or more other operating segments that have similar economic characteristics and meet the conditions for the combination of operating segments as a reporting segment.

The transfer price between segments shall be determined with reference to the market price, and the assets and related expenses jointly used with each segment shall be distributed among different segments in proportion to the revenue.

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15.5.2 Report segment financial information

Items	Renewable energy equipment	Clean and efficient energy equipment	Engineering and Trade	Modern manufacturing service industry	Emerging growth industries	Summary	Offset	Total
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: income from foreign transactions	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
Revenue from inter-segment transactions	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 costs	14,556,704,023.92	30,922,537,027.65	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
Offset of costs	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: the amount of a single asset with significant impairment loss								
Total liabilities						141,421,836,955.59	61,533,338,376.57	79,888,498,579.02
Additional Information								
Capital expenditure								
Impairment losses recognised in the current period						-882,968,151.18	-139,000,650.59	-743,967,500.59

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Items	Renewable energy equipment	Clean and efficient energy equipment	Engineering and Trade	Modern manufacturing service industry	Emerging growth industries	Summary	Offset	Total
Including: Goodwill impairment apportionment								
Depreciation and amortization expense						917,768,856.98		917,768,856.98
Non-cash expenses other than impairment losses, depreciation and amortization								

The accounting policies of the Company's operating segments are the same as those described in "Significant Accounting Policies and Accounting Estimates".

The total revenue of the Company from foreign transactions in China and other countries and regions is listed as follows:

Revenue from external transactions	Amount for the year	Amount for the previous year
Within China (excluding Hong Kong)	53,019,463,323.65	50,432,726,029.10
Other overseas areas	7,657,150,072.17	4,931,056,420.96
Total	60,676,613,395.82	55,363,782,450.06

16 Notes to major items in the company's financial statements

16.1 Accounts receivable

16.1.1 Aging of accounts receivable

Age of account	As at December 31, 2023	As at December 31, 2022
Within 1 year (inclusive)	844,871,467.09	721,928,760.39
1-2 years (including 2 years)	230,977,123.63	360,730,938.89
2 to 3 years (including 3 years)	106,629,377.40	276,624,129.13
3 to 4 years (including 4 years)	152,247,223.73	238,775,790.87
4-5 years (including 5 years)	123,275,700.49	43,929,443.61
More than 5 years	70,822,191.75	107,673,175.01
Sub-total	1,528,823,084.09	1,749,662,237.90
Less: Provision for bad debts	280,026,092.70	352,642,570.90
Total	1,248,796,991.39	1,397,019,667.00

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16.1.2 Accounts receivable shall be classified and disclosed according to the bad debt provision method

Category	As at December 31, 2023					As at December 31, 2022				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Provision for bad debts shall be made separately										
Provision for bad debts shall be made according to the combination of credit risk characteristics	1,528,823,084.09	100	280,026,092.70	18.32	1,248,796,991.39	1,749,662,237.90	100	352,642,570.90	20.15	1,397,019,667.00
Including:										
Combination of aging analysis method	1,528,823,084.09	100	280,026,092.70	18.32	1,248,796,991.39	1,749,662,237.90	100	352,642,570.90	20.15	1,397,019,667.00
Total	1,528,823,084.09	100	280,026,092.70		1,248,796,991.39	1,749,662,237.90	100	352,642,570.90		1,397,019,667.00

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Provision for bad debts according to the combination of credit risk characteristics:

Aging analysis combination

Age of account	As at December 31, 2023		
	Accounts receivable	Provision for bad debts	Withdrawal ratio (%)
Within 1 year (inclusive)	844,871,467.09	42,243,573.36	5.00
1-2 years (including 2 years)	230,977,123.63	23,097,712.36	10.00
2 to 3 years (including 3 years)	106,629,377.40	21,325,875.49	20.00
3 to 4 years (including 4 years)	152,247,223.73	60,898,889.49	40.00
4-5 years (including 5 years)	123,275,700.49	61,637,850.25	50.00
More than 5 years	70,822,191.75	70,822,191.75	100.00
Total	1,528,823,084.09	280,026,092.70	

16.1.3 The top five ending balances of accounts receivable and contract assets collected by the debtor

Name of company	Closing balance of accounts receivable	Ending balance of contract assets	Closing balance of accounts receivable and contract assets	Proportion of total closing balance of accounts receivable and contract assets (%)	Ending balance of provision for doubtful accounts receivable and provision for impairment of contract assets
Entity 1	191,238,406.98	370,965,407.55	562,203,814.53	8.03	30,189,388.98
Entity 2	137,590,352.40		137,590,352.40	1.96	6,879,517.62
Entity 3	109,900,000.00		109,900,000.00	1.57	5,495,000.00
Entity 4	98,358,000.00		98,358,000.00	1.4	4,917,900.00
Entity 5	91,052,000.00		91,052,000.00	1.3	4,552,600.00
Total	628,138,759.38	370,965,407.55	999,104,166.93	14.26	52,034,406.60

16.2 Other receivables

Items	Balance at end of the period	Balance at the beginning of the period
Interest receivable		1,297,726.89
Dividends receivable	18,374,034.21	24,482,648.69
Other receivables	22,266,634.20	71,357,911.86
Total	40,640,668.41	97,138,287.44

16.2.1 Interest receivable

Classification of interest receivable

Items	Balance at end of the period	Balance at the beginning of the period
Time deposits		1,297,726.89
Entrusted loans		

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Items	Balance at end of the period	Balance at the beginning of the period
Investment in bonds		
Others		
Sub-total		1,297,726.89
Less: Provision for bad debts		
Total		1,297,726.89

16.2.2 Dividends receivable

(1) Details of dividends receivable

Project (or invested entity)	Balance at end of the period	Balance at the beginning of the period
(1) Huadian Longkou Wind Power Company Limited	8,287,607.31	14,396,221.79
(2) Inner Mongolia Energy Power Hongnijing Wind Power Co., LTD	10,086,426.90	10,086,426.90
(3) Inner Mongolia Mengneng Sanshengtai Wind Power Co., LTD	3,460,131.28	3,460,131.28
(4) Inner Mongolia Gumengneng Wulan New Energy Co., LTD	3,828,807.76	3,828,807.76
Subtotal of	25,662,973.25	31,771,587.73
Less: Provision for bad debts	7,288,939.04	7,288,939.04
Total	18,374,034.21	24,482,648.69

(2) Significant dividends receivable with an account age of more than one year

Project (or invested entity)	Balance at end of the period	Age of account	Reasons for non-recovery	Whether impairment occurs and the basis for judgment
Huadian Longkou Wind Power Company Limited	8,287,607.31	1 to 2 years	The investee is financially tight	No
Inner Mongolia Energy Power Hongnijing Wind Power Co., LTD	10,086,426.90	1 to 3 years	The investee is financially tight	No
Inner Mongolia Gumengneng Sanshengtai Wind Power Co. LTD	3,460,131.28	More than 3 years	The investee has financial difficulties	Yes
Inner Mongolia Mengneng Wulan New Energy Co. LTD	3,828,807.76	More than 3 years	The investee has financial difficulties	Yes
Total	25,662,973.25			

(3) Provision for bad debts

Provision for bad debts	Phase 1	Phase 2	Phase 3	Total
	Expected credit losses over the next 12 months	Expected credit losses over the lifetime (no credit impairment occurred)	Expected credit losses for the entire life (credit impairment has occurred)	
Balance at the beginning of the period			7,288,939.04	7,288,939.04
Opening balance in the current period				
-- Move to the second stage				

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Provision for bad debts	Phase 1	Phase 2	Phase 3	Total
	Expected credit losses over the next 12 months	Expected credit losses over the lifetime (no credit impairment occurred)	Expected credit losses for the entire life (credit impairment has occurred)	
-- Move to the third stage				
-- Go back to the second stage				
-- Go back to the first stage				
Provision for the current period				
Turn back in this issue				
Resell this issue				
Write off in current period				
Other changes				
Balance at end of the period			7,288,939.04	7,288,939.04

16.2.3 Other receivables

(1) Disclosure by account age

Age of account	As at December 31, 2023	As at December 31, 2022
Within 1 year (inclusive)	6,168,507.29	8,171,844.59
1-2 years (including 2 years)	6,517,199.57	12,016,075.89
2 to 3 years (including 3 years)	5,139,586.28	8,554,727.90
3 to 4 years (including 4 years)	8,487,144.05	2,678,268.17
4-5 years (including 5 years)	2,674,234.45	55,729.18
More than 5 years	2,366,145.27	50,311,248.56
Sub-total	31,352,816.91	81,787,894.29
Less: Provision for bad debts	9,086,182.71	10,429,982.43
Total	22,266,634.20	71,357,911.86

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(2) Disclosure shall be classified according to the method of bad debt provision

Category	As at December 31, 2023					As at December 31, 2022				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Provision for bad debts shall be made separately						44,331,667.89	54.2			44,331,667.89
Provision for bad debts shall be made according to the combination of credit risk characteristics	31,352,816.91	100.00	9,086,182.71	28.98	22,266,634.20	37,456,226.40	45.80	10,429,982.43	27.85	27,026,243.97
Including:										
Combination of aging analysis method	31,352,816.91	100.00	9,086,182.71	28.98	22,266,634.20	37,456,226.40	45.80	10,429,982.43	27.85	27,026,243.97
Total	31,352,816.91	100.00	9,086,182.71		22,266,634.20	81,787,894.29	100.00	10,429,982.43		71,357,911.86

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Provision for bad debts according to the combination of credit risk characteristics:

Aging analysis combination

Age of account	As at December 31, 2023		
	Other receivables	Provision for bad debts	Withdrawal ratio (%)
Within 1 year	6,168,507.29	308,425.38	5.00
1 to 2 years	6,517,199.57	651,719.95	10.00
2 to 3 years	5,139,586.28	1,027,917.27	20.00
3 to 4 years	8,487,144.05	3,394,857.61	40.00
4 to 5 years	2,674,234.45	1,337,117.23	50.00
Over 5 years	2,366,145.27	2,366,145.27	100.00
Total	31,352,816.91	9,086,182.71	

(3) Provision for bad debts

Provision for bad debts	Phase 1	Phase 2	Phase 3	Total
	Expected credit losses over the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment incurred)	
Balance as at December 31, 2022	10,429,982.43			10,429,982.43
In 2022, balance as at December 31, 2023				
-Transfer to Phase 2				
-Transfer to Phase 3				
-Reversal from Phase 2				
-Reversal from Phase 1				
Provision in 2023	-1,343,799.72			-1,343,799.72
Reversal in 2023				
Write-off in 2023				
Charge-off in 2023				
Other changes				
Balance as at December 31, 2023	9,086,182.71			9,086,182.71

(4) Classification by nature of payment

Nature of funds	As at December 31, 2023	As at December 31, 2022
Security deposit		5,199,746.91
Cash for use	3,010,297.02	4,047,504.01
Other	28,342,519.89	72,540,643.37
Sub-total	31,352,816.91	81,787,894.29
Less: Provision for bad debts	9,086,182.71	10,429,982.43
Total	22,266,634.20	71,357,911.86

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(5) Other receivables in the top five of the ending balance collected by the debtor

Name of company	Nature of funds	As at December 31, 2023	Age of account	Proportion to total closing balance of other receivables (%)	Ending balance of provision for bad debts
Entity 1	Payment in advance	13,248,698.63	1 to 5 years	42.26	3,321,584.51
Entity 2	Payment in advance	5,731,634.32	1 to 5 years	18.28	2,091,634.31
Entity 3	Payment in advance	4,298,692.76	1-5 years and above	13.71	2,384,977.78
Entity 4	Payment in advance	1,636,480.16	1 to 3 years	5.22	158,247.26
Entity 5	Cash for use	1,409,000.00	Two to three years	4.49	281,800.00
Total		26,324,505.87		83.96	8,238,243.86

16.3 Long-term equity investments

Items	As at December 31, 2023			As at December 31, 2022		
	Balance of book value	Provision for impairment losses	Carrying amount	Balance of book value	Provision for impairment losses	Carrying amount
Investment in subsidiaries	22,530,195,038.33		22,530,195,038.33	22,101,493,911.79		22,101,493,911.79
Investment in joint ventures and joint ventures	512,529,440.52	40,845,971.47	471,683,469.05	1,163,476,987.09	40,845,971.47	1,122,631,015.62
Total	23,042,724,478.85	40,845,971.47	23,001,878,507.38	23,264,970,898.88	40,845,971.47	23,224,124,927.41

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16.3.1 Invest in subsidiaries

Invested entity	Balance at the beginning of the period	Opening balance of impairment provision	Changes in current period				Balance at end of the period	Ending balance of impairment provision
			Additional investment	Reduce investment	Provision for impairment in the current period	Other		
Dongfang boiler	5,192,395,417.83						5,192,395,417.83	
Dongfang turbine	6,010,766,999.71						6,010,766,999.71	
Dongfang Electric Machinery	3,164,000,000.00						3,164,000,000.00	
Dongfang Electric (India) Private Limited	129,504,712.22						129,504,712.22	
Dongfang Wuhan Nuclear Core	346,360,000.00		44,300,000.00				390,660,000.00	
Dongfang Heavy Machinery	589,459,392.37						589,459,392.37	
Dongfang Wind Power	1,007,437,000.00						1,007,437,000.00	
Dongfang International	1,409,966,967.29						1,409,966,967.29	
Dongfang Finance	2,867,031,546.59						2,867,031,546.59	
Dongfang Products	409,061,568.69						409,061,568.69	
Dongfang Autocontrol	394,083,121.44						394,083,121.44	
Dongfang hydrogen energy	110,307,373.46			110,307,373.46				
Dongfang Research Institute	171,119,812.19		194,708,500.00				365,828,312.19	
Dongfang Innovation Technology	300,000,000.00		300,000,000.00				600,000,000.00	
Total	22,101,493,911.79		539,008,500.00	110,307,373.46			22,530,195,038.33	

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16.3.2 Investments in associates and joint ventures

Invested entity	Balance at the beginning of the period	Opening balance of impairment provision	Changes in current period								Balance at end of the period	Ending balance of impairment provision
			Additional investment	Reduce investment	Investment gains and losses recognized under the equity method	Other comprehensive income adjustment	Other changes in equity	Declare cash dividends or profits	Provision for impairment	Other		
1. Joint venture												
Framatome Dongfang Reactor Coolant Pumps Co., LTD.	221,402,684.11				19,435,439.40				99,937,552.98		140,900,570.53	
Subtotal of	221,402,684.11				19,435,439.40				99,937,552.98		140,900,570.53	
2. Joint ventures												
Sichuan Energy Investment Wind Power Development Co., LTD.	664,696,248.20			788,166,611.89	123,470,363.69							
Huadian Longkou Wind power Co., LTD.	77,012,591.39				10,348,401.12						87,360,992.51	
China United Heavy Gas Turbine Technology Co., LTD	131,416,807.19				8,969.57						131,425,776.76	

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Invested entity	Balance at the beginning of the period	Opening balance of impairment provision	Changes in current period								Balance at end of the period	Ending balance of impairment provision	
			Additional investment	Reduce investment	Investment gains and losses recognized under the equity method	Other comprehensive income adjustment	Other changes in equity	Declare cash dividends or profits	Provision for impairment	Other			
Inner Mongolia Energy Power Generation Red Mud Well Wind Power Co., LTD	21,431,362.84				2,371,153.80							23,802,516.64	
Inner Mongolia Mengneng Sansheng Tai Wind Power Co., LTD	13,725,971.47	13,725,971.47										13,725,971.47	13,725,971.47
Inner Mongolia Mengneng Wulan New energy Co., LTD	33,791,321.89	27,120,000.00			-3,563,954.55							30,227,367.34	27,120,000.00
Dongfang Electric Hydrogen Energy			110,307,373.46		-25,221,128.19							85,086,245.27	
Subtotal of	942,074,302.98	40,845,971.47	110,307,373.46	788,166,611.89	107,413,805.44							371,628,869.99	40,845,971.47
Total	1,163,476,987.09	40,845,971.47	110,307,373.46	788,166,611.89	126,849,244.84			99,937,552.98				512,529,440.52	40,845,971.47

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16.4 Operating income and operating costs

16.4.1 Operating income and operating cost

Items	Amount for the current period		Amount for the previous period	
	Income	The cost	Income	The cost
Principal Business Operations	14,406,784,956.94	13,717,089,277.80	12,555,083,706.09	12,198,588,223.91
Other businesses	2,243,086.43	1,565,738.05	542,722.81	1,251,923.28
Total	14,409,028,043.37	13,718,655,015.85	12,555,626,428.90	12,199,840,147.19

16.5 Investment income

Items	Amount for the current period	Amount for the previous period
Long-term equity investment income calculated by cost method	969,482,373.10	982,736,895.96
Long-term equity investment income calculated by equity method	126,849,244.84	147,330,011.84
Investment income from disposal of long-term equity investments	370,285,303.34	
Investment income of a trading financial asset during the holding period	82,239.00	89,114.00
Investment income arising from debt restructuring		135,649,171.95
Others		777,028.30
Total	1,466,699,160.28	1,266,582,222.05

16.6 Statement of cash flows

16.6.1 Adjust net profit to cash flow from operating activities

Items	Amount for the year	Amount for the previous year
Reconciliation of net profit to cash flows from operating activities:		
Net profit	1,308,482,494.47	1,145,766,029.59
Add: Impairment losses on assets	151,665,958.37	153,060,026.26
Credit impairment losses	-73,960,277.92	-164,769,795.60
Depreciation of fixed assets, depletion of oil and gas properties and depreciation of productive biological assets	9,612,752.64	8,400,715.83
Amortization of use-right assets	67,034,227.03	67,034,227.03
Amortization of intangible assets	21,453,301.18	25,642,376.95
Amortization of long-term deferred expenses		
Loss on disposal of fixed assets, intangible assets and other long-term assets (gain is represented by "-" sign)		
Loss on scrapping of fixed assets (income is represented by "-" sign)	34,319.65	-292,230.50
Loss from changes in fair value (gain is represented by "-" sign)	-471,602.00	1,656,996.00
Financial expenses (income is represented by "-" sign)	6,663,133.72	-102,414,511.49
Investment loss (income is represented by "-" sign)	-1,466,699,160.28	-1,266,582,222.05
Decrease in deferred income tax assets (increase is marked with "-")	27,203,958.72	26,594,526.76

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Items	Amount for the year	Amount for the previous year
Increase in deferred income tax liabilities (decrease is represented by "-" sign)	59,100,846.50	10,055,134.06
Decrease in inventories (increase is marked with "-")	-30,245,672.41	-28,731,302.58
Decrease in operating receivables (increase is marked with "-")	1,916,356,297.12	-83,592,866.82
Increase in operating payables (decrease is represented by "-" sign)	-3,617,848,029.12	2,524,650,017.00
Others		
Net cash flows from operating activities	-1,621,617,452.33	2,316,477,120.44
② Significant investment and financing activities that do not involve cash receipts and expenditures:		
Conversion of debt to capital		
Convertible corporate bonds maturing within one year		
Financing leases fixed assets		
③ Net change in cash and cash equivalents:		
Year-end balance of cash	6,172,320,271.62	8,293,786,594.85
Minus: cash balance at the beginning of the year	8,293,786,594.85	6,239,742,130.22
Add: year-end balance of cash equivalents		
Less: Balance of cash equivalents at the beginning of the year		
Net increase in cash and cash equivalents	-2,121,466,323.23	2,054,044,464.63

16.6.2 Composition of cash and cash equivalents

Items	As at December 31, 2023	As at December 31, 2022
I .Cash	6,172,320,271.62	8,293,786,594.85
Including:Cash on hand	112,864.18	165,875.21
A bank deposit readily available for payment	6,171,173,911.73	8,292,672,758.58
Other monetary funds readily available for payment	1,033,495.71	947,961.06
Funds deposited with the central bank that can be used for payments		
Deposit interbank funds		
Interbank lending		
II .Cash equivalents		
Including:bond investments maturing within three months		
III.Balance of cash and cash equivalents at the end of the period	6,172,320,271.62	8,293,786,594.85

17 Supplementary information

17.1 Statement of non-recurring profit and loss for the current period

Items	Amount of money	Description
Gains and losses on disposal of illiquid assets, including the write-off portion of the provision for asset impairment	2,675,897.90	

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Items	Amount of money	Description
Government grants included in the profit or loss of the current period, except those closely related to the normal business operation of the Company, in accordance with the provisions of national policies, enjoyed in accordance with the determined standards and having a continuous impact on the profit or loss of the Company	232,628,009.63	
In addition to the effective hedging business related to the normal operation of the company, the fair value change gains and losses arising from the holding of financial assets and financial liabilities by non-financial enterprises and the gains and losses arising from the disposal of financial assets and financial liabilities	-11,677,255.48	
Capital occupation fees charged to non-financial enterprises included in current profits and losses		
Profit or loss on investment or management of assets entrusted to others		
Gains and losses from external entrusted loans		
Loss of assets caused by force majeure factors, such as natural disasters		
Reversal of provision for impairment of receivables separately tested for impairment	397,608,096.52	
The investment cost of an enterprise acquiring a subsidiary, an associated enterprise or a joint venture is less than the income generated by the fair value of the identifiable net assets of the invested entity at the time of acquiring the investment		
The current net profit or loss of a subsidiary arising from a business combination under the same control from the beginning of the period to the combination date	248,791.62	
Gains and losses on exchange of non-monetary assets	370,285,303.34	
Debt restructuring gains and losses	92,575,486.17	
A one-time expense incurred by an enterprise due to the relevant business activities no longer continuing, such as the expenditure of settling employees		
One-time impact on current profit and loss due to adjustment of laws and regulations such as taxation and accounting		
Share payment expenses recognized in a lump sum due to cancellation or modification of equity incentive plans		
For cash-settled share-based payments, gains and losses arising from changes in the fair value of Employee benefit payable after the vesting date		
Gains and losses arising from changes in fair value of investment real estate measured using the fair value model for subsequent measurement		
Gains arising from transactions at significantly unfair prices		
Profit or loss arising from contingencies unrelated to the normal operation of the Company's business		
Income from custodian fees obtained from entrusted operations		
Other non-operating income and expenses other than the above items	36,102,113.03	
Other profit or loss items that meet the definition of non-recurring profit or loss		
Sub-total	1,120,446,442.73	

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Items	Amount of money	Description
Income tax impact	67,879,733.33	
Impact of minority shareholders' equity (after tax)	77,985,015.01	
Total	974,581,694.39	

17.2 Return on net assets and earnings per share

Profit for the reporting period	Weighted average return on net assets (%)	Earnings per share (RMB)	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to common shareholders of the Company	9.82	1.14	1.14
Net profit attributable to common shareholders of the company after deducting non-recurring gains and losses	7.12	0.83	0.83

Dongfang Electric Corporation Limited

(Official Seal)

March /28/2024



营业执照

(副本)

统一社会信用代码

91310101568093764U

证照编号: 01000000202401150067



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名称 立信会计师事务所(特殊普通合伙)

类型 特殊普通合伙(会计师事务所)

执行事务合伙人 朱建弟, 杨志国

出资额 人民币15450.0000万元整

成立日期 2011年01月24日

主要经营场所 上海市黄浦区南京东路61号四楼

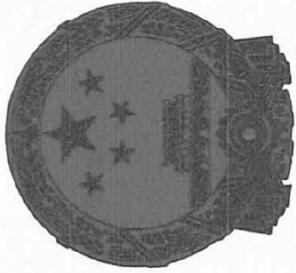
经营范围

审查企业会计报表, 出具审计报告; 验证企业资本, 出具验资报告; 办理企业合并、分立、清算事宜中的审计业务, 出具有关报告; 基本建设年度决算审计; 代理记账; 会计咨询、税务咨询、管理咨询、会计培训; 信息系统领域的技术服务; 法律、法规规定的其他业务。
【依法须经批准的项目, 经相关部门批准后方可开展经营活动】

登记机关



2024年01月15日



会计师事务所 执业证书



名称：立信会计师事务所(特殊普通合伙)

首席合伙人：朱建弟

主任会计师：

经营场所：上海市黄浦区南京东路61号四楼

组织形式：特殊普通合伙制

执业证书编号：31000006

批准执业文号：沪财会〔2000〕26号（转制批文 沪财会〔2010〕82号）

批准执业日期：2000年6月13日（转制日期 2010年12月31日）

证书编号00001247

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二〇一八年六月一日

中华人民共和国财政部制

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姓名 张军书
Full name
性别 男
Sex
出生日期 1971年3月20日
Date of birth
工作单位 中蓝特会计师事务所
Working unit
身份证号码 220104710320031
Identity card No.

年度检验登记
Annual Renewal Registration



姓名：张军书
证书编号：100001022752

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Authorized Institute of CPAs
发证日期: 2013 年 11 月 19 日
Date of Issuance



姓名 张家辉
Full name
性别 男
Sex
出生日期 1986-12-12
Date of birth
工作单位 立信会计师事务所(特殊普通合伙)北京分所
Working unit
身份证号码 372928198612124296
Identity card No.



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姓名: 张家辉
证书编号: 310000060415



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Authorized Institute of CPAs
发证日期: 2008年6月18日
Date of Issuance



姓名: 张文纲
Full name
性别: 男
Sex
出生日期: 1977-02-17
Date of birth
工作单位: 涉县永利会计师事务所有限责任公司
Working unit
身份证号码: 132132197702173512
Identity card No.



姓名: 张文纲
证书编号: 130001662048



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