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

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

(Stock Code: 1072)

DONGFANG ELECTRIC CORPORATION LIMITED
2024 ACTION PLAN FOR “ENHANCING QUALITY, INCREASING
EFFICIENCY AND EMPHASIZING RETURNS”

Dongfang Electric Corporation Limited (hereinafter referred to as “**DEC**” or the “**Company**”) actively implements the decisions and deployments of the CPC Central Committee and the State Council, complies with the relevant guidelines and requirements issued by the SASAC and the SFC, and actively responds to the Initiative on Carrying out the Special Action of “Enhancing Quality, Increasing Efficiency and Emphasizing Returns” by Companies Listed on the Shanghai Stock Exchange issued by the Shanghai Stock Exchange. In order to continuously promote the Company’s high-quality development, earnestly fulfill the responsibilities and obligations as a listed company, protect the interests of investors, and jointly promote the stable and healthy development of the capital market, the Company has formulated the 2024 Action Plan for “Enhancing Quality, Increasing Efficiency and Emphasizing Returns”. The specific measures are as follows.

I. OPTIMIZING THE QUALITY AND EFFICIENCY OF CORPORATE OPERATIONS AND STRENGTHENING THE ENDOGENOUS GROWTH AND INNOVATIVE DEVELOPMENT OF THE COMPANY

The Company deeply implements the leading strategy and accelerates the development of new quality productive forces. In the first half of 2024, the Company achieved a series of significant innovative accomplishments. The “Complete Technology, Equipment, and Industrialization for Safe and Efficient Offshore Wind Power Development” project was awarded the first prize in the 2023 National Science and Technology Progress Award; an 18-megawatt

offshore wind turbine was connected to the grid, setting a new world record for the largest single-machine-capacity of grid-connected wind turbines; the assembly of a 15-megawatt heavy-duty gas turbine was completed independently; the hydraulic research and development of the world's largest 500-megawatt impact hydropower generator unit was completed. The Company will continue to focus on enhancing the core functions of the enterprise and improving the core competitiveness, striving to give full play to the Company's role of sci-tech innovation, industrial control and safety support in building a modern industrial system and establishing a new development pattern, and promoting the high-quality development of the Company.

Firstly, the Company deepens the quality improvement and efficiency enhancement, implements the "cost leadership" requirement, firmly grasps the cost control of the entire value chain, improves the cost management organization and system of the Company, and focuses on the forward-looking cost management in the design stage and process control to effectively improve profitability. We continue to promote the refinement of the classification and management of "Two Funds", "reducing inventory and controlling increment", adhere to the principle that the growth rate of "Two Funds" does not exceed the growth rate of operating income, strictly control the scale of "Two Funds", and ensure that the return on net assets and operating cycle outperform the average of comparable listed peers in the market in 2024.

Secondly, the Company strives to build high-quality and excellent products. We implement the "quality leadership" requirement and the development concept of "success through quality", pursue excellent quality, promote quality management and revolution in the intelligent manufacturing environment, implement the excellent performance model, and improve the effectiveness of quality control.

Thirdly, the Company enhances technological innovation capabilities and accelerates the development of new quality productive forces. The Company focuses on "technology leadership", continuously strengthens innovation drivers, and maintains annual R&D expenditure intensity of not less than 5%. We give full play to the role of joint innovation research institutes with renowned universities and a number of research institutes, such as the Japan Energy Research Institute, Chengdu Research Institute and Yangtze River Delta Research Institute, and focus on building the original technology source in the field of advanced power equipment. The Company will continue to insist on empowering the sustainable development of enterprises by green, high-end, and intelligent orientation, continue to increase R&D investment, focus on green and low-carbon and digital transformation as well as strategic key areas, and set up a number of key science and technology projects to promote the allocation of innovation resources towards key industries such as wind power, photovoltaics, hydrogen energy, energy storage, energy conservation and environmental protection, new materials, integrated energy, and intelligent manufacturing, as well as emerging growth industries.

II. TAKING MULTIPLE MEASURES TO PROTECT SHAREHOLDERS' INTERESTS AND EMPHASIZING ON SHAREHOLDERS' RETURN ON INVESTMENT

The Company implements the Several Opinions on Strengthening Regulation, Forestalling Risks and Promoting the High Quality Development of the Capital Market issued by the State Council, the Opinions on Strengthening the Supervision of Listed Companies (For Trial Implementation) issued by the CSRC, and the spirit of the SASAC of the State Council on incorporating market value management into the performance evaluation of central enterprise responsible persons, studies and forms the market value management mechanism of the Company, carries out relevant work in a timely manner by making use of various capital market value management instruments such as buyback, merger and acquisition, private placement, bonus issue, conversion or increase of share capital and share equity incentive, etc., with the aim of promoting the market value of listed company to match its intrinsic value. We actively guide the shareholders to make long-term and stable investments, protect and enhance investors' rights and interests, and achieve mutually beneficial development between the Company and the shareholders.

Firstly, the Company implements the controlling shareholder's plan to increase shareholdings in the Company. In 2023, the controlling shareholder, Dongfang Electric Corporation (hereinafter referred to as the "**DEC Group**"), in order to further protect the interests of the Company and all shareholders and stabilize the market expectation, also voluntarily increases its shareholdings in the Company, with the planned increase in shareholding amount not exceeding RMB300 million, and the number of shares to be increased not exceeding 1% of the total share capital of the Company. As of 16 August 2024, DEC Group has increased its shareholding in the Company by 9,846,900 A shares, representing approximately 0.32% of the total share capital of the Company, in accordance with the disclosed shareholding increase plan, with a corresponding increase in shareholding amount of approximately RMB141 million. Based on the recognition of the Company's value and the confidence in its sustainable and stable development in the future, DEC Group, the controlling shareholder of the Company, will continue to increase its shareholding in the Company in due course in accordance with the shareholding increase plan.

Secondly, the Company fully considers capital market expectations for the implementation of profit distribution. Taking into account factors such as industry characteristics, business model, stage of development, profitability and capital needs, as well as the long-term interests of the Company, the overall interests of all shareholders and the Company's sustainable development capabilities, the Company has formulated a dividend policy for the period from 2021 to 2024, with an increase in the dividend distribution ratio of 5 percentage points per annum over that for 2021, of which the dividend distribution ratio for 2021 is 31.34%, 36.6% for 2022 and 41.71% for 2023, thereby achieving long-term, sustainable and stable returns to the shareholders and sharing the development results with the shareholders.

III. DEEPENING THE MULTI-LEVEL INVESTOR COMMUNICATION SYSTEM TO EFFECTIVELY ENHANCE VALUE RECOGNITION

The Company makes full use of the Internet, news media, investor meetings and other means to enhance communication with investors, and elaborately plans the tone and focus of information dissemination to promote investors' value recognition of corporate culture.

Firstly, regularly holding performance presentations. The Company regularly holds quarterly, interim and annual performance presentations to enhance communication with investors. The chairman or general manager of the listed company shall attend the annual performance presentation to raise the standard of the performance presentations and enhance the Company's market influence and attention.

Secondly, proactively communicating with investors. The Company reasonably and properly arranges on-site visits, seminars, investor open days and other series of activities to enhance investors' recognition for the Company's strategy and long-term investment value.

Thirdly, broadening the communication channels for investors. The Company manages, operates and maintains the relevant channels and platforms for investor relations management in accordance with its own characteristics, proactively enhances communication with investors, actively listens to investors' opinions and suggestions, and responds to investors' demands in a timely manner.

Fourthly, strengthening media relations management and continuously carrying out public opinion monitoring. The Company promptly collects various information related to the listed company from news media and Internet platform, and responds appropriately, when necessary, conveys true and accurate information to the external parties, and guides the media to make objective and positive reports.

IV. SOLIDLY PROMOTING EFFICIENT AND STANDARDIZED OPERATIONS, AND CONTINUOUSLY IMPROVING THE CORPORATE GOVERNANCE MECHANISM

In 2023, the Company adhered to the improvement of the modern enterprise system with Chinese characteristics, conducted its operations in strict adherence to legal norms, and was awarded the “Best Practice Cases of the Board of Directors of Listed Companies” and the “Best Practice Cases for Corporate Governance”; continuously improved the quality of information disclosure, and won “A” rating in information disclosure by the SSE for nine consecutive years; facilitated unimpeded investor communication channels and organized regular performance presentations and collective investor exchange events, etc.; continued to improve ESG working mechanism and was successfully selected for the “China ESG Listed Companies Pioneer 100”, the “China ESG Listed Companies Technology Innovation Pioneer 30” and the “Central Enterprises ESG Pioneer 50 Index”. In 2024, the Company will continue to improve its corporate governance mechanism.

Firstly, the Company optimizes the qualifications required for being an independent director, broadens the sources of selection and appointment, strengthens the performance support of independent directors, arranges independent directors to participate in the research, demonstration and other steps of major and complex projects in advance, formulates and promotes the implementation of the guarantee programme and annual research plan for independent directors’ performance of duties, and promotes their integrity and diligence in fulfilling their duties and better performance.

Secondly, the Company further optimizes and improves the ESG system to continuously consolidate our advantages in sustainable development. We continue to improve the ESG governance structure and strengthen the management foundation; actively study the incorporation of ESG-related issues into the duties of the relevant specialized committees; continuously enhance ESG disclosure standards and promote value dissemination; and actively respond to stakeholders’ concerns, continuously innovate ESG communication ideas, and introduce the Company’s good ESG practices through various means.

Thirdly, the Company controls the operational risks and stick to the bottom line of compliance. By strictly complying with the regulatory rules of securities and focusing on connected transactions, fund transfer with related parties, horizontal competition, financial misrepresentation and other critical issues regarding the governance of listed companies, we improve the internal control system, strengthen the risk management and control, effectively bring the supervisory function of independent directors into play, enhance the capabilities in risk identification, analysis and management, and continuously strengthen its ability of integrity operation.

V. ENHANCING THE RESPONSIBILITY TRAINING AND STRENGTHENING THE RESPONSIBILITIES

Continuously enhancing the risk-sharing and benefit-sharing constraints among controlling shareholders, de facto controllers, directors, supervisors and senior management of the Company, and the Company as well as minority shareholders. The Company continues to raise the awareness of responsibility and regulatory requirement of “directors, supervisors and senior management (DSM)”. We maintain close communication with its controlling shareholders and “DSM” of the Company, follow up on the fulfillment of commitments of relevant parties, and actively organize relevant parties to participate in special training, thereby continuously raising the awareness of responsibility and performance ability of “DSM”, and jointly promoting the standardized operation of the Company, so as to promote the sustainable and healthy development of the Company, and effectively safeguards the interests of the Company and its shareholders.

By Order of the Board
Dongfang Electric Corporation Limited
Feng Yong
Joint Company Secretary

Chengdu, Sichuan Province, the PRC
29 August 2024

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

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

*Independent
Non-executive Directors:* *Huang Feng, Zeng Daorong and Chen Yu*