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

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

(Stock Code: 1072)

RESULTS ANNOUNCEMENT FOR THE YEAR 2024

FINANCIAL HIGHLIGHTS

- Total operating revenue of the Company in 2024 amounted to RMB69,695 million (2023: RMB60,677 million), representing an increase of 14.86% year on year;
- Net profit attributable to the shareholders of the Company in 2024 amounted to RMB2,922 million (2023: RMB3,550 million), representing a decrease of 17.70% year on year;
- Basic earnings per share of the Company in 2024 were RMB0.94 (2023: RMB1.14);
- New orders of the Company in 2024 were approximately RMB101,142 million (2023: RMB86,532 million), representing an increase of 16.88% year on year;
- The Board has proposed to distribute a cash dividend of RMB4.38 for every 10 shares (tax inclusive) for 2024, subject to Shareholders' approval.

The board of directors (the “**Board**”) of Dongfang Electric Corporation Limited (the “**Company**”) announces the annual results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2024 (the “**Reporting Period**”) prepared in accordance with the China Accounting Standards for Business Enterprises. The unaudited annual results in this announcement have been reviewed and confirmed by the audit and review committee of the Company and agreed with the auditor of the Company.

FINANCIAL INFORMATION

Consolidated Balance Sheet

31 December 2024

Unit: Yuan Currency: RMB

Item	Notes	31 December 2024	31 December 2023
Current Assets:			
Cash and cash equivalents		26,855,949,069.93	17,129,250,869.93
Clearing provision		–	–
Funds for lending		836,529,745.30	–
Held-for-trading financial assets		1,697,971,178.52	867,176,939.12
Derivative financial assets		–	–
Notes receivable	2	1,224,353,136.23	1,152,624,005.12
Accounts receivable	2	12,545,314,264.97	10,714,105,864.95
Accounts receivable financing		1,927,567,077.40	1,997,629,532.50
Prepayments		5,876,898,026.02	7,919,037,467.33
Premiums receivable		–	–
Amounts receivable under reinsurance contracts		–	–
Reinsurer’s share of insurance contract reserves		–	–
Other receivables		546,279,763.42	412,067,046.11
Including: Interests receivable		–	0.00
Dividend receivable		23,297,096.99	19,354,034.21
Financial assets purchased under resale agreements		2,666,820,136.99	2,959,861,095.88
Inventories		21,685,296,057.95	18,136,582,872.93
Including: Raw materials		3,594,208,110.75	3,211,692,900.60
Inventory commodities (finished products)		660,237,049.36	571,767,786.86
Contract assets		14,258,321,922.49	12,419,968,866.48
Assets as held for sale		–	–
Non-current assets due within one year		2,341,379,530.86	530,902,406.26
Other current assets		1,317,102,354.65	1,450,120,565.18
Total Current Assets		93,779,782,264.73	75,689,327,531.79

Item	31 December 2024	31 December 2023
Non-current Assets:		
Loans and advances	4,483,911,097.25	5,618,011,791.46
Debt investments	19,785,285,247.24	19,072,837,013.51
Other debt investments	–	–
Long-term receivables	21,879,106.99	201,486,860.12
Long-term equity investments	2,924,013,842.93	1,783,080,682.00
Other investments in equity instruments	544,594,360.32	495,874,463.26
Other non-current financial assets	–	–
Investment properties	144,195,700.70	146,049,853.94
Fixed assets	5,497,006,728.71	5,034,900,621.59
Constructions in process	1,427,333,045.26	789,077,246.34
Productive biological assets	–	–
Oil and gas assets	–	–
Right-of-use assets	554,692,874.36	345,268,409.32
Intangible assets	1,924,688,544.38	1,847,810,552.21
Development expenditure	5,027,241.19	4,682,571.60
Goodwill	–	–
Long-term deferred expenses	15,213,914.59	2,116,601.80
Deferred tax assets	3,320,567,076.73	3,227,909,778.01
Other non-current assets	7,581,093,806.49	6,849,939,364.67
Total Non-current Assets	<u>48,229,502,587.14</u>	<u>45,419,045,809.83</u>
TOTAL ASSETS	<u>142,009,284,851.87</u>	<u>121,108,373,341.62</u>

Item	<i>Notes</i>	31 December 2024	31 December 2023
Current Liabilities:			
Short-term loans		75,080,000.00	110,165,544.44
Loans from the central bank		–	–
Customer deposits and deposits from banks and other financial institutions		2,260,595,201.96	592,069,004.07
Taking from banks and other financial institutions		–	–
Held-for-trading financial liabilities		–	–
Derivative financial liabilities		–	–
Notes payable	3	15,635,278,628.07	13,892,247,700.54
Accounts payable	3	24,833,045,021.46	19,306,103,748.81
Receipts in advance		–	–
Contract liabilities		40,665,996,771.34	32,171,926,049.36
Financial assets sold under repurchase agreements		–	–
Fees and commissions payable		–	–
Employee benefits payable		959,633,957.64	864,060,140.44
Taxes and charges payable		782,649,173.71	439,788,690.24
Including: Taxes payable		765,687,449.56	427,746,486.02
Other payables		1,614,378,867.21	1,488,320,214.72
Including: Interests payable		–	–
Dividend payable		4,568,944.33	4,056,055.47
Liabilities as held for sale		–	–
Non-current liabilities due within one year		331,405,083.18	316,029,312.52
Other current liabilities		1,754,906,399.30	2,068,383,806.37
Total Current Liabilities		<u>88,912,969,103.87</u>	<u>71,249,094,211.51</u>

Item	31 December 2024	31 December 2023
Non-current Liabilities:		
Long-term borrowings	2,167,176,895.80	1,383,426,409.20
Bonds payable	–	–
Lease liabilities	415,958,899.80	229,988,566.36
Long-term payables	240,000.00	240,000.00
Long-term accrued payroll	1,003,106,169.47	1,053,539,276.41
Estimated liabilities	5,659,335,713.33	5,426,724,118.48
Deferred income	478,399,531.50	365,329,892.74
Deferred tax liabilities	229,850,405.47	180,156,104.32
Other non-current liabilities	–	–
	<hr/>	<hr/>
Total Non-current Liabilities	9,954,067,615.37	8,639,404,367.51
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TOTAL LIABILITIES	98,867,036,719.24	79,888,498,579.02
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Owners' Equity (or Shareholders' Equity):		
Paid-up capital (or share capital)	3,117,499,457.00	3,118,533,797.00
State-owned capital	1,739,215,126.00	1,731,379,826.00
Including: State-owned legal person capital	1,739,215,126.00	1,731,379,826.00
Collective capital	–	–
Private capital	1,038,284,331.00	1,047,153,971.00
Including: Personal capital	1,038,284,331.00	1,047,153,971.00
Foreign capital	340,000,000.00	340,000,000.00
Less: Investment returned	–	–
Net paid-in capital (or share capital)	3,117,499,457.00	3,118,533,797.00
Other equity instruments	–	–
Including: Preferred stock	–	–
Perpetual capital securities	–	–

Item	31 December 2024	31 December 2023
Capital reserves	11,559,826,521.38	11,566,006,626.86
Less: Treasury shares	648,882.29	111,093,911.81
Other comprehensive income	-120,082,230.27	-129,954,183.72
Including: Foreign currency translation differences	-34,982,948.19	-36,285,668.19
Special reserve	124,193,157.76	126,393,962.48
Surplus reserves	1,424,889,201.23	1,337,132,818.92
Including: Statutory reserves	1,424,889,201.23	1,337,132,818.92
Discretionary reserve	–	–
Reserve funds	–	–
Enterprise development fund	–	–
Profit return for investment	–	–
General risk reserves	–	–
Retained profits	<u>22,690,605,142.05</u>	<u>21,337,876,676.79</u>
Total owners' equity attributable to equity holders of the parent company	<u>38,796,282,366.86</u>	<u>37,244,895,786.52</u>
Non-controlling interests	<u>4,345,965,765.77</u>	<u>3,974,978,976.08</u>
Total owners' equity	<u>43,142,248,132.63</u>	<u>41,219,874,762.60</u>
TOTAL LIABILITIES AND OWNERS' EQUITY	<u>142,009,284,851.87</u>	<u>121,108,373,341.62</u>

Consolidated Income Statement

January to December 2024

Unit: Yuan Currency: RMB

Item	Notes	2024	2023
I. Total revenue	4	69,695,135,723.47	60,676,613,395.82
Including: Operating revenue		68,592,735,741.35	59,566,526,583.78
Including: Revenue from principal businesses		68,340,633,956.90	59,194,976,198.96
Revenue from other businesses		252,101,784.45	371,550,384.82
Interest income		1,102,098,612.61	1,108,245,427.30
Premium earned		–	–
Fee and commission income		301,369.51	1,841,384.74
II. Total operating costs		66,679,757,795.87	57,338,357,281.19
Including: Operating costs		58,876,109,012.73	50,073,722,959.33
Including: Costs for principal businesses	4	58,830,102,963.02	49,901,886,550.55
Costs for other businesses	4	46,006,049.71	171,836,408.78
Interest expenses	4	24,698,284.75	31,964,932.11
Fee and commission expenses	4	1,448,745.83	1,365,320.87
Surrenders		–	–
Net amount of compensation payout		–	–
Net provision for insurance contract reserve		–	–
Insurance policyholder dividends		–	–
Expenses for reinsurance accepted		–	–
Tax and levies		378,526,114.98	303,469,491.19
Sales expenses		822,360,688.77	766,951,994.89
Administrative expenses		3,523,054,191.25	3,403,903,282.05
Research and development (“R&D”) expenditure		3,009,012,872.14	2,749,527,295.10
Financial expenses		44,547,885.42	7,452,005.65
Including: Interest expenses		82,971,078.48	64,439,100.49
Interest income (expressed with positive value)		132,705,664.58	120,750,779.59
Net exchange loss (net income is indicated by “-”)		5,925,300.49	-32,511,329.65

Item	Note	2024	2023
Add: Other gains		769,921,637.52	438,795,618.71
Investment income (loss is indicated by “-”)		1,577,063,838.88	748,149,784.92
Including: Income from investments in			
associates and joint ventures		186,935,311.74	320,691,180.02
Income from derecognition of			
financial assets measured at			
amortized cost (loss is indicated			
by “-”)			
Gains from net exposure hedges (loss is			
indicated by “-”)		-	-
Gains from changes in fair values (loss is			
indicated by “-”)		-204,160,425.88	85,064,728.63
Credit impairment loss (loss is indicated by			
“-”)		-146,035,139.19	-175,675,005.47
Impairment loss of assets (loss is indicated by			
“-”)		-1,148,012,197.65	-495,915,825.36
Gains from disposal of assets (loss is indicated			
by “-”)		16,452,695.37	9,767,653.91
Foreign exchange gains (loss is indicated by			
“-”)		6,844,738.21	28,240,727.60
III. Operating profit (loss is indicated by “-”)		3,887,453,074.86	3,976,683,797.57
Add: Non-operating income		49,505,127.67	71,405,646.69
Government subsidy		2,159,900.00	470,012.39
Less: Non-operating expenses		52,714,456.87	41,925,277.28
IV. Total profit (total loss is indicated by “-”)		3,884,243,745.66	4,006,164,166.98
Less: Income tax expenses	5	596,717,889.35	362,454,836.22
V. Net profit (net loss is indicated by “-”)		3,287,525,856.31	3,643,709,330.76
Net profits attributable to owners of the parent			
company		2,922,100,908.48	3,550,393,576.32
Profit or loss attributable to non-controlling			
interests		365,424,947.83	93,315,754.44
Profit or loss from continuing operations		3,287,525,856.31	3,643,709,330.76
Profit or loss from discontinued operations		-	-

Item	2024	2023
VI. Other comprehensive income (“OCI”) (net of tax)	11,603,588.82	-139,214,402.37
OCI attributable to owners of the parent company (net of tax)	9,871,953.45	-130,217,136.03
(I) OCI that will not be reclassified to profit or loss subsequently	6,879,841.41	-118,249,416.77
Including: 1. Changes in net liabilities or net assets arising from remeasurement of defined benefit plans	-	-
2. Share of investee’s OCI by equity method which cannot be reclassified to profit or loss	-	-
3. Changes in fair value of investment in other equity instruments	6,879,841.41	-118,249,416.77
4. Other	-	-

Item	<i>Notes</i>	2024	2023
(II) OCI that will be reclassified to profit and loss subsequently		2,992,112.04	-11,967,719.26
Including: 1. OCI by equity method that will be reclassified to profit or loss		341,649.17	365,374.29
2. Changes in fair value of other debt investment		-	-
3. The amount of financial assets reclassified into OCI		-	-
4. Credit impairment provisions for other debt investment		1,347,742.87	-1,333,531.32
5. Effective portion of gain or loss arising from cash flow hedging instruments		-	-
6. Exchange differences from translation of financial statements		1,302,720.00	-10,999,562.23
7. Others		-	-
OCI attributable to non-controlling interests (net of tax)		1,731,635.37	-8,997,266.34
VII. Consolidated income		3,299,129,445.13	3,504,494,928.39
Consolidated income attributable to owners of the parent company		2,931,972,861.93	3,420,176,440.29
Consolidated income attributable to non-controlling interests		367,156,583.20	84,318,488.10
VIII. Earnings per share:			
Basic earnings per share	6	0.94	1.14
Diluted earnings per share	6	0.94	1.14

NOTES TO THE FINANCIAL INFORMATION

For the year ended 31 December 2024

1 BASIS OF PREPARATION OF FINANCIAL STATEMENT

(1) Basis of Preparation

The Company's financial statements have been prepared on a going concern basis, recognized and measured based on the actual transactions and matters incurred, and in accordance with the "Accounting Standards for Business Enterprises – Basic Standards" issued by the Ministry of Finance and the relevant specific accounting standards, Application Guidance for Accounting Standards for Business Enterprises, Interpretation of Accounting Standards for Business Enterprises and other relevant requirements (collectively, the "**Accounting Standards for Business Enterprises**"), and taking into account the disclosure requirements under Information Disclosure and Presentation Rules for Companies Offering Securities to the Public No. 15 – General Provisions on Financial Reporting (Revised in 2023) issued by the China Securities Regulatory Commission, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Companies Ordinance.

(2) Going Concern

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

(3) Changes in Accounting Policies and Disclosures

The Ministry of Finance issued the Accounting Standards for Business Enterprises (“ASBE”) Interpretation No. 18 (Cai Kuai [2024] No. 24, hereinafter referred to as “**Interpretation No. 18**”) on 6 December 2024, which adjusted the item of provision arising from product warranty of contingent events by debiting them to “costs for principal businesses” and “costs for other business” and no longer including in “sales expenses”. The Company applied this provision effective 1 January 2024 and made adjustments to the line items and amounts in the financial statements for comparable periods. Such adjustments had no material impact on the Company’s financial position, operating results, and cash flows. As a result of the aforesaid adjustments, the Company’s operating costs increased and sales expenses decreased by RMB927 million each in 2024, while operating costs increased and sales expenses decreased by RMB821 million each in 2023.

According to Interpretation No. 18, in compliance with ASBE No. 14 – Revenue (Cai Kuai [2017] No. 22), Article 33, warranty obligations that do not constitute a separate performance obligation shall be accounted for in accordance with ASBE No. 13 – Contingencies (Cai Kuai [2006] No. 3). When recognizing provisions for such warranty obligations, enterprises shall record the estimated liability amount by debiting “costs for principal businesses” or “costs for other businesses” and crediting “estimated liabilities”. Corresponding amounts shall be presented in the income statement under “operating costs” and in the balance sheet under “other current liabilities,” “non-current liabilities due within one year,” and “estimated liabilities”. When an enterprise implements this Interpretation for the first time, if the original provision of product warranty is included in “sales expenses”, etc., the changes in accounting accounts and items presented in the financial statements involved in the accounting treatment of the above-mentioned product warranty shall be treated as changes in accounting policies and adjusted retroactively in accordance with the relevant provisions of the ASBE No. 28 – Changes in Accounting Policies and Accounting Estimates and Corrections of Errors”. Where an enterprise makes such adjustments, it should disclose them in the notes to the financial statements.

2 NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

Unit: Yuan Currency: RMB

Item	31 December 2024	31 December 2023
Notes receivable	1,224,353,136.23	1,152,624,005.12
Accounts receivable	16,166,979,507.28	14,941,352,624.36
Less: Provision for bad debts	<u>3,621,665,242.31</u>	<u>4,227,246,759.41</u>
Net accounts receivable <i>(note 2a)</i>	<u>12,545,314,264.97</u>	<u>10,714,105,864.95</u>
Net notes and accounts receivable	<u><u>13,769,667,401.20</u></u>	<u><u>11,866,729,870.07</u></u>

(2a) Ageing analysis of accounts receivable

Unit: Yuan Currency: RMB

Ageing	31 December 2024	31 December 2023
Within 1 year	9,166,698,541.03	7,589,131,840.54
1–2 years	2,912,482,204.67	2,748,735,765.12
2–3 years	1,573,780,667.10	1,291,984,555.61
3–4 years	709,985,357.44	811,849,095.90
4–5 years	454,092,052.84	430,473,801.26
Over 5 years	<u>1,349,940,684.20</u>	<u>2,069,177,565.93</u>
Subtotal	<u>16,166,979,507.28</u>	<u>14,941,352,624.36</u>
Less: Provision for bad debts	<u>3,621,665,242.31</u>	<u>4,227,246,759.41</u>
Total	<u><u>12,545,314,264.97</u></u>	<u><u>10,714,105,864.95</u></u>

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

3 NOTES AND ACCOUNTS PAYABLE

Unit: Yuan Currency: RMB

Item	31 December 2024	31 December 2023
Notes payable	15,635,278,628.07	13,892,247,700.54
Accounts payable	24,833,045,021.46	19,306,103,748.81
Total	<u>40,468,323,649.53</u>	<u>33,198,351,449.35</u>
Ageing analysis of accounts payable	31 December 2024	31 December 2023
Within 1 year (inclusive 1 year)	21,233,568,378.41	16,063,262,831.18
1–2 years (inclusive 2 years)	1,598,639,709.95	1,601,235,241.60
2–3 years (inclusive 3 years)	897,115,396.62	697,079,766.93
Over 3 years	1,103,721,536.48	944,525,909.10
Total	<u>24,833,045,021.46</u>	<u>19,306,103,748.81</u>

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

4 REVENUE AND COST

Unit: Yuan Currency: RMB

Item	Amount for current year		Amount for last year	
	Revenue	Cost/interest expenses/fee and commission expenses	Revenue	Cost/interest expenses/fee and commission expenses
1. Principal operation	68,340,633,956.90	58,830,102,963.02	59,194,976,198.96	49,901,886,550.55
2. Other operations	252,101,784.45	46,006,049.71	371,550,384.82	171,836,408.78
3. Interest income	1,102,098,612.61	24,698,284.75	1,108,245,427.30	31,964,932.11
4. Fee and commission income	301,369.51	1,448,745.83	1,841,384.74	1,365,320.87
Total	69,695,135,723.47	58,902,256,043.31	60,676,613,395.82	50,107,053,212.31

5 INCOME TAX EXPENSE

Unit: Yuan Currency: RMB

Item	Amount for current year	Amount for last year
Income tax expense for current period	639,680,886.92	305,484,533.07
Including: China	620,922,190.18	291,829,071.60
India	6,531,767.92	5,052,734.36
Other regions	12,226,928.82	8,602,727.11
Deferred income tax expense	-42,962,997.57	56,970,303.15
Total	596,717,889.35	362,454,836.22

6 EARNINGS PER SHARE

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

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

Unit: Yuan Currency: RMB

Item	Current year	Last year
Combined net profit attributable to the ordinary shareholders of the parent company	2,922,100,908.48	3,550,393,576.32
Weighted average number of outstanding ordinary shares of the Company ^{note 1}	3,118,189,017.00	3,118,602,297.00
Basic earnings per share ^{note 2} (RMB/share)	0.94	1.14
Including: Basic earnings per share from continuing operations (RMB/share)	0.94	1.14

Notes:

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

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

= 3,118,189,017.00

(2) Basic earnings per share

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

=RMB2,922,100,908.48/3,118,189,017.00 shares = 0.94 (RMB/Share)

(3) The Company repurchased and cancelled 1,034,340 restricted A shares during the current period, which had no effect on the calculation of basic earnings per share, nor did it have dilution effect on earnings per share.

7 DIVIDENDS

The Board proposed the payment of a cash dividend of RMB4.38 for every 10 shares (tax inclusive) for the year 2024 (2023: cash dividend of RMB4.75 for every 10 shares (tax inclusive)) to all shareholders based on the total share capital registered on the registration date for the implementation of the equity distribution. The Company will not convert any capital reserve into share capital or make any bonus issue. Based on the total share capital of the Company of 3,117,482,123 shares as at the Board meeting held on 31 March 2025, the total cash dividend distribution is estimated to be RMB1,365,457,169.87. If there is any change in the total share capital of the Company on the registration date for the implementation of the equity distribution, the Company intends to keep the total amount of the distribution unchanged and adjust the amount of the distribution per share accordingly. The proposal is subject to approval at the annual general meeting for 2024. If approved, the 2024 final dividend is expected to be paid to the shareholders before 31 August 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

I. Discussion and Analysis of Operations

In 2024, the Company continued to enhance its core functions and improve its core competitiveness, strived to play its role in technology innovation, industry control, and safety support, cultivated and developed new productive forces, and built a world-class enterprise with core competitiveness, with operating income of RMB69.695 billion, an increase of 14.86% year-on-year, creating a high record; total profit for the year of RMB3.884 billion, a decrease of 3.04% year-on-year; the strength of investment in R&D expenses remained above 5%. The Company's orders on hand was RMB152.606 billion, reaching the highest level in history.

(1) Another step forward in industrial development

In 2024, the Company achieved new effective orders of RMB101.142 billion, an increase of 16.88% year-on-year with, clean and efficient energy equipment accounting for 38.71%, renewable energy equipment accounting for 26.19%, engineering and international supply chain industry accounting for 12.00%, modern manufacturing services accounting for 8.67%, and emerging growth industries accounting for 14.42%. In terms of “six electricities”, the subsidiary Dongfang Wind Power ranked No. 6 in the “New Installation List of Wind Turbine Manufactures” with excellent performance, and the Company’s new offshore installations ranked among the top three, with a market share exceeding 10%, and the Company innovated the business model of wind power, with the independently-developed Mulei 1,000,000 kilowatt wind power project has been transferred, which has further consolidated the Company’s leading position of the wind power industry; pumped storage broke through the market domain of high-altitude, wide-load, and variable-speed, with an overall market share of 41.6%, and a market share of 45% in conventional hydropower, among the top of the industry; and the only nuclear steam supply system equipment obtained a manufacturing license again. The Company broke through the market for nuclear power cycle pumps and spent fuel transportation containers; continued to lead in the gas power market, and the independently developed 50MW heavy-duty gas turbine received another order; gained the highest qualification in professional design of the power industry, and the new generation of million-kilowatt ultra-supercritical unit with secondary reheat for coal-fired power plants were successfully put into operation in batch, and won the bid for the first million-kilowatt hedge combustion tower furnace in China. In terms of “six industries”, it independently developed high-end shielding pumps entered the European market; became the first domestic enterprise to provide long-term operation and maintenance services for third-party gas turbines with independent engine technology; the fully independent excitation system achieved a breakthrough in the performance of million-kilowatt nuclear power units in the Pakistan C5 project; obtained the world’s largest carbon dioxide energy storage demonstration project.

(2) Remarkable results in technological innovation

The Company has achieved a lot in scientific and technological innovation, the world's largest 26 MW offshore wind turbine was selected as one of the top ten major national enterprises in 2024 (2024年度央企十大國之重器), took the lead in completing the development of the water turbine model of the world's largest 500 MW impact-type hydropower unit was completed and delivered, and successfully passed the flight test of the first set 300 MW variable speed pumped storage unit generating motor in China, marking a major breakthrough in the independent research and development of China's variable speed pumped storage unit; the Company's independently-developed and the first F-class 50 MW heavy-duty gas turbine in China has accumulated more than 6,000 hours of safe operation, and the 15 MW heavy-duty gas turbine was successfully ignited; and the Company has also successfully researched and developed the first batch of shielding modules for the International Thermonuclear Experimental Reactor (the world's largest "artificial sun"). The research and development system has been improved continuously, the "1+N+X" innovation and research system has achieved results, with newly established Japan Energy Research Institute, and it has promoted the standardized operation of the National Key Laboratory for Clean and Efficient Turbine Power Equipment and the National Energy Small and Medium Gas Turbine Industry Chain Key Technology and Equipment Research and Development Center, with newly built two provincial and ministerial-level platforms for hydrogen energy, efficient cutting, and intelligent manufacturing. Leading in the industry of "digital transformation", the core manufacturing workshop has achieved full digital coverage, two factories have been selected as the first batch of excellent level intelligent factories by the Ministry of Industry and Information Technology, and one enterprise became the first intelligent manufacturing benchmark enterprise in the energy equipment manufacturing industry. The Company was successfully selected as one of Top 10 in the list of the "China ESG Listed Companies Technology Innovation Pioneer 30 (2024)".

(3) Steady improvement in management

We have focused on governing loss-making contracts, established long-term filing and reward and punishment mechanisms, strictly controlled the increase of loss-making contracts, and refined and decomposed the target of reducing losses, as well as fulfill the responsibility and strengthen incentive assessment. We have carried out a special action on lean management “strengthening the foundation, improving, and setting standards”, and we have implemented full value chain cost management, focused on reducing costs in design and procurement; we have promoted the deep integration of lean management and intelligent manufacturing, improved the delivery time of core products, improved the efficiency of production units, and continuously optimized operational indicators. We have strengthened supply chain management, and the Dongfang Electrical procurement management platform has obtained the highest level of EBS “three-star” certification from the country. We have implemented a special action to improve the quality of suppliers. We have solidly promoted quality and safety management, established a quality leading competitiveness index system and evaluation model, and fully implemented management measures for large-scale nuclear power projects; we have promoted the three-year action plan for tackling the underlying problems of production safety, strengthened the investigation and rectification of hidden dangers, and maintained a stable situation in production safety throughout the year.

(4) *Comprehensive deepening and advancement of reforms*

The Company innovated the “1+10” reform work promotion mechanism, solidly promoted 8 special reform measures, and completed the annual “double 70%” target ahead of schedule. It carried out the special reform project of “double-hundred” and “science and technology reform” in depth, and a number of the subsidiaries have been evaluated as benchmarking enterprises for “science and technology reform” and “double-hundred” by the SASAC of the State Council. For the first time, the reform pilot project “competition and optimization” was carried out, and new breakthroughs were made in key and difficult reform tasks such as empowering science and technology innovation and constructing a new type of management responsibility system. It improved the modern corporate governance of state-owned enterprises, completed the revision of the articles of association of secondary subsidiaries in accordance with the requirements of the new company law; it also simplified the management chain of enterprises and compress the level of the Company’s legal person.

(5) *Effective risk prevention and control*

The Company has solidly promoted the creation of a world-class rule of law enterprise and improved the system of foreign-related rule of law work. The Company also established a full-chain information-based risk compliance control mechanism from procurement planning, contract signing to settlement and payment, and promoted “case-driven management, and improve quality and efficiency”. The Company carried out a special project in the “year of compliance improvement” and issued risk compliance guidelines for key risk points in business areas, such as EPC, EMC, and scientific and technological research and development, to enhance the ability of industrial development based on risk control compliance. The Company established a key operational risk hazard control mechanism, and closed multiple high-risk contracts. The Company also established a pre-inspection and early warning mechanism to improve the supervision and early warning capabilities of bidding. The Company also issued the “Guidelines for Financial and Accounting Supervision” and the list of responsibilities for financial and accounting supervision, and established an effectiveness evaluation model for the financial internal control risk compliance system. The Company expanded the coverage of internal auditing and promoted the “layered and classified” management of rectification.

II. Principal Business 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 (%)
Total operating revenue	69,695,135,723.47	60,676,613,395.82	14.86
Operating costs	58,876,109,012.73	50,073,722,959.33	17.58
Administrative expenses	3,523,054,191.25	3,403,903,282.05	3.50
R&D expenditure	3,009,012,872.14	2,749,527,295.10	9.44
Finance costs	44,547,885.42	7,452,005.65	497.80
Other income	769,921,637.52	438,795,618.71	75.46
Investment income	1,577,063,838.88	748,149,784.92	110.80
Gains from changes in fair values	-204,160,425.88	85,064,728.63	-340.01
Credit impairment loss	-146,035,139.19	-175,675,005.47	N/A
Asset impairment loss	-1,148,012,197.65	-495,915,825.36	N/A
Net cash flow from operating activities	10,059,491,408.32	-3,495,876,222.59	N/A
Net cash flow from operating activities after deducting the cash flow from financial business activities of DEC Finance	9,591,954,264.37	2,494,962,710.69	284.45
Net cash flows from investing activities	-2,773,695,813.82	6,054,992,356.37	-145.81
Net cash flows from financing activities	<u>1,088,764,448.85</u>	<u>-497,100,687.67</u>	<u>N/A</u>

Reasons for change in total operating revenue: The total operating revenue for the year increased by 14.86% year on year, mainly due to the increase in the revenue of high-efficient clean energy equipment and renewable energy equipment segments.

Reasons for change in operating costs: The operating costs for the year increased by 17.58% year on year, mainly due to the increase as a result of the increase in sales volume.

Reasons for change in administration expenses: The administrative expenses for the year increased by 3.50% year on year, mainly due to the year-on-year increase in depreciation fees and consulting fees.

Reasons for change in finance costs: The finance costs for the year increased by RMB37 million year on year, mainly due to the year-on-year increase in the exchange losses.

Reasons for change in R&D expenditure: The R&D expenditure for the year increased by 9.44% year on year, mainly due to the increased investment in research and development for the year.

Other income: The other income for the year increased by 75.46% year on year, mainly due to the increase in the amount of additional input VAT credit for the advanced manufacturing business during the year.

Reasons for change in investment income: The investment income for the year increased by 110.80% year on year, mainly due to the realization of the transfer of the Mulei 1,000,000 kilowatt wind power project during the year. In accordance with the Accounting Standards for Business Enterprises, gains arising from the disposal of long-term equity investments in subsidiaries and gains arising from the measurement at fair value of the remaining equity interests after loss of control are included in investment income.

Reasons for change in gains from changes in fair value: Mainly due to the decline in the share price of shares held during the year.

Reasons for change in credit impairment loss: Mainly due to the year-on-year increase in the recovery of receivables and the year-on-year increase in the reversal of provision for bad debts.

Reasons for change in asset impairment loss: Mainly due to the increase in provision for impairment of contract assets and provision for inventories based on impairment testing during the year.

Reasons for change in net cash flow from operating activities: Mainly due to a significant year-on-year increase in inflow of sales receipts.

Reasons for change in net cash flow from investment activities: Mainly due to the year-on-year increase in outflow of the interbank deposit certificates and other businesses of DEC Finance during the year.

Reasons for change in net cash flow from financing activities: Mainly due to the year-on-year increase in state funds and project borrowings.

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	6,969,513.57	5,890,225.60	15.49	14.86	17.55	Decreased by 1.93 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 (%)	Year-on-year increase/decrease in gross profit margin (%)
Renewable energy equipment	1,660,296.86	1,597,770.04	3.77	19.98	24.07	Decreased by 3.17 percentage points
High-efficient clean energy equipment	2,835,819.71	2,360,779.89	16.75	37.73	44.91	Decreased by 4.12 percentage points
Engineering and supply chain	601,913.60	547,122.14	9.10	-49.93	-48.00	Decreased by 3.39 percentage points
Modern manufacturing services business	756,440.65	390,235.18	48.41	40.51	44.08	Decreased by 1.28 percentage points
Emerging growth business	1,115,042.76	994,318.35	10.83	26.09	29.01	Decreased by 2.02 percentage points

Major operations by region

Region	Operating revenue	Operating costs	Gross profit margin (%)	Year-on-year increase/	Year-on-year increase/	Year-on-year increase/decrease in gross profit margin (%)
				decrease in operating revenue (%)	decrease in operating costs (%)	
Domestic	6,412,629.23	5,397,483.77	15.83	20.95	23.37	Decreased by 1.65 percentage points
Overseas	556,884.34	492,741.83	11.52	-27.27	-22.46	Decreased by 5.49 percentage points

Major operations by sales model

Sales model	Operating revenue	Operating costs	Gross profit margin (%)	Year-on-year increase/	Year-on-year increase/	Year-on-year increase/decrease in gross profit margin (%)
				decrease in operating revenue (%)	decrease in operating costs (%)	
Customized sales	6,969,513.57	5,890,225.60	15.49	14.86	17.55	Decreased by 1.93 percentage points

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

The revenue from the renewable energy equipment business for the year increased by RMB2.765 billion, or 19.98% year-on-year, mainly due to the year-on-year growth in the wind power business.

The revenue of the high-efficient clean energy equipment business for the year increased by RMB7.769 billion, or 37.73% year-on-year, mainly due to the year-on-year growth of gas power, coal-fired generation and nuclear power.

The revenue from the engineering and supply chain business for the year decreased by RMB6.003 billion, or 49.93% year-on-year, mainly due to the year-on-year decline in the supply chain management and service business.

The revenue from the modern manufacturing services business for the year increased by RMB2.181 billion, or 40.51% year-on-year, mainly due to the year-on-year growth in the power plant services business.

(2) Capacity and sales analysis table

Major products	Unit	Capacity	Sales	Inventory	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	3,801	5,766.2	1,355	-32.13	12.29	-59.19
Steam turbine generators	MW	44,258	40,053	22,657	32.07	30.65	22.79
Wind power units	MW	10,032.6	8,976.7	1,963.2	100.65	83.63	116.38
Power station steam turbines	MW	38,578	24,246	12,861	10.24	-43.39	25.81
Power station boilers	MW	25,066	25,066	0	8.19	8.19	-

Description of capacity and sales volume

The calculation of the Company's production volume was mainly based on the physical quantities produced by the enterprise during the Reporting Period and meeting the quality requirements of the products.

The calculation of sales volume was mainly based on the inventory list issued during the month. For hydro turbine generator and steam turbine generator with core components, the sales volume for the month was calculated based on the out-of-stock rate of over 90%. The sales volume of wind power turbines was calculated based on the number of units shipped. The sales volume of power station steam turbines were calculated based on the complete shipment of the main engine module. Power station boilers were basically the same in terms of production and sales volume as it was no sets of units, and the products were directly delivered to customers or entered into the logistics process upon completion of production.

The inventory of the products was rolling inventory, which was equal to the difference between the production and sales volume. The inventory of finished products was zero as the production and sales volumes of power station boilers were basically the same.

The year-on-year decrease in the production of hydro-generating unit was mainly due to the decrease in the manufacture of large hydropower equipment in 2024 as compared to 2023, which in turn led to a year-on-year decrease in inventory.

The year-on-year increase in production and sales of wind power units was mainly attributable to the Company's vigorous development of the wind power industry and the increase in wind power equipment orders, which led to the year-on-year increase in wind power equipment production and sales.

(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)	4,904,511.22	83.27	4,137,103.12	82.57	18.55	See other explanations as below
Power generation equipment manufacturing	Labour costs	183,860.79	3.12	164,937.25	3.29	11.47	See other explanations as below
Power generation equipment manufacturing	Other costs	801,853.59	13.61	708,664.95	14.14	13.15	See other explanations as below

By product

Unit: 0'000 yuan Currency: RMB

Product	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)	1,308,339.57	22.21	1,029,758.72	20.55	27.05	See other explanations as below
Renewable energy equipment	Labour costs	71,466.65	1.21	64,061.44	1.28	11.56	See other explanations as below
Renewable energy equipment	Other costs	217,963.82	3.70	194,020.16	3.87	12.34	See other explanations as below
High-efficient clean energy equipment	Raw material costs (procurement cost)	2,086,441.74	35.42	1,372,368.72	27.39	52.03	See other explanations as below
High-efficient clean energy equipment	Labour costs	67,089.83	1.14	58,701.63	1.17	14.29	See other explanations as below
High-efficient clean energy equipment	Other costs	207,248.32	3.52	198,116.30	3.95	4.61	See other explanations as below
Engineering and supply chain	Raw material costs (procurement cost)	531,861.82	9.03	1,030,202.67	20.56	-48.37	See other explanations as below
Engineering and supply chain	Labour costs	4,717.19	0.08	5,477.52	0.11	-13.88	See other explanations as below

Product	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
Engineering and supply chain	Other costs	10,543.13	0.18	16,414.91	0.33	-35.77	See other explanations as below
Modern manufacturing services business	Raw material costs (procurement cost)	139,069.59	2.36	86,876.80	1.73	60.08	See other explanations as below
Modern manufacturing services business	Labour costs	15,738.00	0.27	13,432.54	0.27	17.16	See other explanations as below
Modern manufacturing services business	Other costs	235,427.59	4.00	170,533.81	3.40	38.05	See other explanations as below
Emerging growth industry	Raw material costs (procurement cost)	838,798.52	14.24	617,896.20	12.33	35.75	See other explanations as below
Emerging growth industry	Labour costs	24,849.11	0.42	23,264.13	0.46	6.81	See other explanations as below
Emerging growth industry	Other costs	130,670.72	2.22	129,579.76	2.59	0.84	See other explanations as below

Other explanations on cost composition

The Company's costs for the year increased year-on-year. The change in costs mainly followed the change in revenue.

(4) Major sales customers and major suppliers

The Company's sales to its top five customers amounted to RMB10,792.8467 million, accounting for 15.49% 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 RMB6,482.1715 million, accounting for 11.00% of the total procurement for the year, among which, the procurement from related parties was RMB2,883.4470 million, representing 4.89% of the total procurement for the year.

3. Expenses

Unit: Yuan Currency: RMB

Item	Amount for current year	Amount for previous year	Change (%)
Selling expenses	822,360,688.77	766,951,994.89	7.22
Administrative expenses	3,523,054,191.25	3,403,903,282.05	3.50
R&D expenditure	3,009,012,872.14	2,749,527,295.10	9.44
Finance costs	44,547,885.42	7,452,005.65	497.80
Income tax expenses	596,717,889.35	362,454,836.22	64.63

4. R&D Expenditure

(1) Breakdowns of R&D Expenditure

Unit: Yuan Currency: RMB

Expensed R&D expenditure for the period	3,076,506,161.75
Capitalized R&D expenditure for the period	739,606,893.97
Total R&D expenditure	3,816,113,055.72
Percentage of total R&D expenditure over revenue (%)	5.48
Percentage of R&D expenditure capitalization (%)	19.38

5. Net Profit Attributable to Owners of the Parent Company

The Company's net profit attributable to the shareholders of the Company for the year amounted to RMB2,922 million, a decrease of 17.70% compared with the same period. This was mainly attributable to (1) the increase in income tax expenses of some subsidiaries, with the Company's total income tax expense increasing by RMB234 million year-on-year, or 64.63%; and (2) the growth in profits of some enterprises with diversified shareholdings, with the profit or loss of the minority shareholders increasing by RMB272 million year-on-year, or 291.60%.

6. 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	73,358,515,737.67	60,080,393,051.10	22.10
△ Net increase in customer deposits and interbank deposits	1,805,594,490.68	-6,867,616,168.89	N/A
△ Net increase in borrowings from other financial institutions	-795,801,113.09	56,646,341.72	-1,504.86
△ Cash received from interest, surcharges and commission fee	489,627,760.24	224,652,893.51	117.95
Tax refund received	24,819,326.87	313,339,603.59	-92.08
Other cash received from operating activities	4,960,367,306.20	4,207,870,538.57	17.88
Cash paid for purchase of goods and receipt of services	56,209,490,945.61	50,183,751,530.59	12.01
△ Net increase in loans and advances to customers	-1,791,652,622.96	-2,898,003,869.83	N/A
△ Net increase in central bank and interbank payments	515,329,667.61	-218,731,064.89	N/A
Payments of taxes and surcharges	2,777,690,323.72	2,219,757,282.66	25.13
Net cash received from disposal of subsidiaries and other business units	492,572,075.62	0.00	N/A
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	2,999,116,867.65	1,110,103,477.28	170.17
Cash paid for investments	35,650,572,826.54	25,219,966,200.00	41.36
Cash received from borrowings obtained	2,511,723,871.40	865,437,595.74	190.23
Other cash received from financing activities	593,536,697.59	436,326,577.79	36.03
Cash paid for debt repayment	316,217,093.56	709,002,286.14	-55.40
Cash paid for dividend, profit distribution or interest payments	1,655,173,254.10	1,188,638,536.38	39.25

(II) Analysis of Assets and Liabilities

1. The status of assets and liabilities

Unit: Yuan Currency: RMB

Item	Amount at the end of the period	Percentage of the amount at the end of the period in total assets (%)	Amount at the end of the previous period	Percentage of the amount at the end of the previous period in total assets (%)	Year-on-year change (%)	Explanation
Cash and cash equivalents	26,855,949,069.93	18.91	17,129,250,869.93	14.14	56.78	See other explanations as below
△ Funds for lending	836,529,745.30	0.59			N/A	See other explanations as below
Trading financial assets	1,697,971,178.52	1.20	867,176,939.12	0.72	95.80	See other explanations as below
Prepayments	5,876,898,026.02	4.14	7,919,037,467.33	6.54	-25.79	See other explanations as below
Other receivables	546,279,763.42	0.38	412,067,046.11	0.34	32.57	See other explanations as below
Non-current assets due within one year	2,341,379,530.86	1.65	530,902,406.26	0.44	341.02	See other explanations as below
△ Loans and advances	4,483,911,097.25	3.16	5,618,011,791.46	4.64	-20.19	See other explanations as below
Long-term receivables	21,879,106.99	0.02	201,486,860.12	0.17	-89.14	See other explanations as below
Long-term equity investments	2,924,013,842.93	2.06	1,783,080,682.00	1.47	63.99	See other explanations as below
Construction in progress	1,427,333,045.26	1.01	789,077,246.34	0.65	80.89	See other explanations as below
Right-of-use assets	554,692,874.36	0.39	345,268,409.32	0.29	60.66	See other explanations as below
Long-term deferred expenses	15,213,914.59	0.01	2,116,601.80	0.00	618.79	See other explanations as below
Short-term loans	75,080,000.00	0.05	110,165,544.44	0.09	-31.85	See other explanations as below

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
△ Customer deposits and deposits from banks and other financial institutions	2,260,595,201.96	1.59	592,069,004.07	0.49	281.81	See other explanations as below
Accounts payable	24,833,045,021.46	17.49	19,306,103,748.81	15.94	28.63	See other explanations as below
Contract liabilities	40,665,996,771.34	28.64	32,171,926,049.36	26.56	26.40	See other explanations as below
Taxes and surcharges payable	782,649,173.71	0.55	439,788,690.24	0.36	77.96	See other explanations as below
Long-term loans	2,167,176,895.80	1.53	1,383,426,409.20	1.14	56.65	See other explanations as below
Lease liabilities	415,958,899.80	0.29	229,988,566.36	0.19	80.86	See other explanations as below
Deferred revenue	478,399,531.50	0.34	365,329,892.74	0.30	30.95	See other explanations as below
Deferred tax liabilities	229,850,405.47	0.16	180,156,104.32	0.15	27.58	See other explanations as below

Other explanations:

- (1) Reasons for change in cash and cash equivalents: the cash and cash equivalents for the year increased by 56.78% as compared with the beginning of the year, mainly due to better sales collection during the year.
- (2) Reasons for change in funds for lending: an increase in the funds for lending for the year as compared with the beginning of the year, mainly due to the increase in the funds for lending business of DEC Finance of the Company.
- (3) Reasons for change in trading financial assets: the trading financial assets for the year increased by 95.80% as compared with the beginning of the year, mainly due to the addition of Sichuan Energy Power's shares.

- (4) Reasons for change in prepayments: the prepayments for the year decreased by 25.79% as compared with the beginning of the year, mainly due to the decrease in prepayments settled during the year.
- (5) Reasons for change in other receivables: the other receivables for the year increased by 32.57% as compared with the beginning of the year, mainly due to the increase in guarantee deposits receivable and quality assurance funds.
- (6) Reasons for change in non-current assets due within one year: the non-current assets due within one year for the year increased by 341.02% as compared with the beginning of the year, mainly due to the increase in loans and advances issued by the DEC Finance of the Company due within one year.
- (7) Reasons for the changes in loans and advances: the loans and advances decreased by 20.19% as compared with the beginning of the year, mainly due to the reclassification of part of the loans of DEC Finance of the Company which will be matured within one year in accordance with the enterprise accounting standards.
- (8) Reasons for the changes in long-term receivables: the long-term receivables for the year decreased by 89.14% as compared with the beginning of the year, mainly due to the recovery of instalment sales of goods during the year.
- (9) Reasons for change in long-term equity investments: the long-term equity investments for the year increased by 63.99% as compared with the beginning of the year, mainly due to the addition of Mulei New Energy and other associates during the year.
- (10) Reasons for change in construction in progress: the construction in progress for the year increased by 80.89% as compared with the beginning of the year, mainly due to the increase in innovation and overseas business center projects during the year.
- (11) Reasons for change in right-of-use assets: the right-of-use assets for the year increased by 60.66% as compared with the beginning of the year, mainly due to the signing of new lease contracts for office buildings and other assets during the year.
- (12) Reasons for change in long-term deferred expenses: the long-term deferred expenses for the year increased by 618.79% as compared with the beginning of the year, mainly due to the increase in renovation of factories and office buildings during the year.

- (13) Reasons for change in short-term loans: the short-term loans for the year decreased by 31.85% as compared with the beginning of the year, mainly due to the repayments.
- (14) Reasons for change in customer deposits and deposits from banks and other financial institutions: the customer deposits and deposits from banks and other financial institutions for the year increased by 281.81% as compared with the beginning of the year, mainly due to the year-on-year increase of the customer deposits and deposits from banks and other financial institutions taken by the DEC Finance of the Company.
- (15) Reasons for change in accounts payable: the accounts payable for the year increased by 28.63% as compared with the beginning of the year, mainly due to the increase in purchase payables by the Company as a result of the order growth during the year.
- (16) Reasons for change in contract liabilities: the contract liabilities for the year increased by 26.40% as compared with the beginning of the year, mainly due to the increase in prepayment received from customers for the projects.
- (17) Reasons for change in taxes and surcharges payable: the taxes and surcharges payable for the year increased by 77.96% as compared with the beginning of the year, mainly due to the increase in payment of VAT and corporate income tax during the year.
- (18) Reasons for change in long-term loans: the long-term loans for the year increased by 56.65% as compared from the beginning of the year, mainly due to the increase of the entrusted loans of the state funds.
- (19) Reasons for change in lease liabilities: the lease liabilities for the year increased by 80.86% as compared from the beginning of the year, mainly due to the signing of new lease contracts for office buildings and other assets.
- (20) Reasons for change in deferred revenue: the deferred revenue for the year increased by 30.95% as compared from the beginning of the year, mainly due to the increase in government grants such as research grants received during the year.
- (21) Reasons for change in deferred tax liabilities: the deferred tax liabilities for the year increased by 27.58% as compared from the beginning of the year, mainly due to the increase in deferred tax liabilities provided for right-of-use assets during the year.

2. Offshore assets

Assets scale

Among them: offshore assets of RMB1,219,994,943.77, accounting for 0.86% of the total assets.

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

Item	Balance	Reason for restriction
Cash and bank balances	4,302,604,950.09	Deposits of central bank, reserves, security deposits
Fixed assets	61,471,646.14	Security for loan
Intangible assets	530,089,264.57	Security for loan
Notes	525,454,841.61	Discounted or endorsed without derecognition
	<hr/>	
Total	<u>5,419,620,702.41</u>	

4. The gearing ratio was 69.62% in 2024

Note: Gearing ratio = Total liabilities/Total assets × 100%

BANK BORROWINGS

As of 31 December 2024, the Company had borrowings from financial institutions (banks) of RMB124 million due within one year and had bank borrowings of RMB810 million due beyond one year. The Company's borrowings and cash and cash equivalents are mainly dominated in RMB. In particular, RMB615 million were fixed-rate bank loans. The Company has maintained a favorable credit rating with banks and a sound financing capacity.

EXCHANGE RISK MANAGEMENT

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

PLEDGE OF ASSETS

As at 31 December 2024, the Group had pledged borrowings of approximately RMB319 million (2023: RMB336 million), which were related to borrowings from financial institutions secured by concession. As of 31 December 2024, net value of concession amounted to RMB468 million (2023: RMB488 million). As of the end of the year, this part of borrowings was not mature and repayable. In addition, some of the plants, machinery equipment and land use rights had been registered as mortgages to secure the borrowings, which were in disbursement process as of 31 December 2024.

DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT

(I) Structure and trend of the industry

The Third Plenary Session of the 20th Central Committee of the Communist Party of China (CPC) made arrangements for accelerating the comprehensive green transformation of economic and social development. It clearly stated the need to speed up the planning and construction of a new energy system, and improve policies and measures for the consumption and control of new energy. Against this background, the proportion of non-fossil energy in China will continue to increase, and new energy technologies will continue to make breakthroughs, promoting the transition of energy structure towards a cleaner and low-carbon direction. The energy and power industry will continue to increase its efforts in technological innovation and industrial upgrading. Combined with the development of artificial intelligence and a new generation of communication technology, areas such as new energy equipment, smart grid, and energy storage technology continue to progress, continuously enhancing the capacity to accommodate and regulate new energy, which will further improve the flexibility and resilience of the power system.

The National Energy Work Conference pointed out that the energy work in 2025 will adhere to the general principle of seeking progress while maintaining stability, deeply promote the energy revolution, accelerate the planning and construction of a new energy system, and continuously deepen the reform of institutional mechanisms in the energy sector. It will develop new production forces according to local conditions and strive to write a new chapter of high-quality development in the energy sector at a new starting point. The conference also called for full efforts to complete the energy supply task, and make good use of coal and coal-fired power to provide a safeguard. It will vigorously promote the development and utilization of wind power and photovoltaics, coordinate the development of hydropower and ecological protection, and actively and safely develop nuclear power. It will also continue to promote major technological equipment research and development demonstrations, and strengthen scientific and technological innovation and standardization management.

According to the forecast of the China Electricity Council, in 2025, the total electricity consumption of the whole society is expected to increase by around 6% compared with 2024, and there will be a tight balance between electricity supply and demand in some regions during peak periods such as peak summer demand. The newly added installed capacity of power generation nationwide is expected to exceed 450 million kilowatts, and the newly added installed capacity of new energy power generation is expected to exceed 300 million kilowatts. By the end of 2025, the total installed capacity of power generation in China is expected to exceed 3.8 billion kilowatts, an increase of about 14% year-on-year. Among them, the proportion of coal-fired power generation will be reduced to one-third by the end of 2025, while the proportion of non-fossil energy power generation will rise to around 60%. The installed capacity of hydropower will be 450 million kilowatts, while wind power will be 640 million kilowatts, solar power 1.1 billion kilowatts, nuclear power 65 million kilowatts, and biomass power 48 million kilowatts. The total installed capacity of solar power and wind power will exceed that of thermal power, and the pressure of new energy consumption will be highlighted in some regions.

Overall, under the background of the national “dual carbon” policy, the new energy system pays more attention to the high-quality development and high proportion consumption of renewable energy. With the continuous advancement of China’s equipment manufacturing industry towards high-end, intelligent, and green development, and the emergence of new industries, new business models, and new formats, there is a huge growth demand for equipment in all aspects of the power industry chain, including “generation, transmission, distribution, and storage”. The newly added installed capacity of renewable energy has become the main part of China’s newly added power generation capacity. The security and system regulation attributes of traditional energy in the power system are becoming more prominent. The development of traditional energy is driven by the need for economic and social development and the moderate advanced

construction of infrastructure. Coal-fired power provides a backup for power supply, system regulation, and emergency reserves, driving the demand and maintaining a stable installed capacity. Nuclear power has entered a period of high installation, with more than 10 units approved for the past three years. Pumped storage has become the main form of hydropower and the dominant method of energy storage, with increasing construction speed and considerable development potential. Gas-fired power has maintained a steady growth after a rapid boom in the past two years, with a large potential demand. At the same time, new energy storage has shown high growth, hydrogen energy industry technology has continued to upgrade, and the application of energy conservation and environmental protection in the industrial field has continued to deepen. There is still a broad market demand in fields such as chemical equipment.

(II) Development Strategy of the Company

The Company vigorously implements the “11256” development strategy and is committed to promoting both the transformation and upgrading of traditional industries and the accelerated development of strategic emerging industries, and continuously optimizing its industrial structure. Efforts are made to increase the development of industries, maintain a leading position in the markets of hydropower, nuclear power, gas power, and coal power, and actively improve the market share of wind power. Focusing on the transition from old to new driving forces, the Company promotes the rapid development of strategic emerging industries and creates a green, low-carbon, and healthy industrial ecology. It also focuses on the construction of new energy mega-bases, explores and promotes new development models such as wind-solar-hydrogen storage and wind-solar-hydrogen-ammonia integration, vigorously develops regional operations, and optimizes overseas regional layout. The Company is committed to promoting the development of new productive forces through scientific and technological innovation. It deepens the construction of the “1+N+X” research and innovation system, carries out core technology research projects, and fully implements the industrial renewal and industrial takeoff actions. Focusing on areas such as independent gas turbine series, high-head impact hydropower, new generation coal-fired power technology, diversified nuclear energy application technology, and floating offshore wind power, the Company accelerates research, application, and iterative upgrades. It also strengthens the management of the entire chain of technology transformation, accelerates the industrialization of new materials, and actively promotes the application of artificial intelligence technology and the process of “intelligence reform and digital transformation”. The Company will continue to lead the construction of world-class enterprises with the “leading strategy”, stimulate vitality through reforms, shape advantages with talents, and improve efficiency through management. It will carefully plan for the development of the “15th Five-Year Plan” and solidly promote key work in 2025 to ensure the full achievement of annual operational goals.

(III) Business Plan

In 2025, the Company will firmly grasp the new mission and position of state-owned central enterprises, strive to become a “front-runner” in three areas, and focus on improving “five values” while highlighting quality and efficiency, strengthening scientific and technological innovation, comprehensively deepening reforms, and building a strong defense against risks to achieve a successful conclusion to the “14th Five-Year Plan”. The Company is expected to complete the production of 73 million kilowatts of power generation equipment.

1. Further enhance industrial competitiveness. Focusing on promoting new industrialization and building a modern industrial system, further efforts will be made to increase industrial development and maintain the leading position in traditional advantageous industries. Focusing on the transition from old to new driving forces, through models such as integrating old and new industries, new industries with new industries, and industries with resources, the development of new strategic industries such as wind power, hydrogen energy, new energy storage, power electronics, new materials, energy conservation, and environmental protection will be accelerated, creating a green and low-carbon and healthy development ecology. Efforts will be made to plan for and secure orders in traditional industries. Further deepening cooperation between the central and local governments, focusing on the construction of new energy mega-bases, and increasing efforts to connect resources, explore and promote new development models such as wind-solar-hydrogen storage and wind-solar-hydrogen-ammonia integration. A regional operation will be carried out focusing on key countries and areas along the “Belt and Road” initiative and optimizing overseas regional layout.
2. Focus on breakthroughs in key core technologies. Adhering to the development of new productive forces through scientific and technological innovation, the construction of the “1+N+X” research and innovation system will be deepened, and the role of the budget coordination mechanism for scientific research funds will be better utilized. Promoting the construction of the second phase of the science and technology management and information sharing system, establishing a scientific research basic database, and realizing the online operation of the first phase of the science and technology information system. Focusing on areas such as independent gas turbine series, high-head impact hydropower, new generation coal-fired power technology, diversified nuclear energy application technology, and floating offshore wind power, efforts will be made to accelerate research, application, and iterative upgrades. Strengthening the management of the entire chain of technology transformation, improving the standards for research topics to guide and lead and transform results, and further standardizing the management of high-value patents. Actively embracing artificial intelligence, promoting the implementation of pilot projects for

scenario-based applications of artificial intelligence, and releasing action plans for the application of artificial intelligence, actively piloting the construction of scenarios. Actively promoting “intelligence reform and digital transformation”, accelerating the evolution of enterprise digital workshops into digital factories, exploring the establishment of a monitoring mechanism for the operation quality of digital workshops, and promoting the upgrade of digital workshops to level A where conditions permit.

3. Actively promote deepening reforms. Dynamically optimize the “1+10” reform work mechanism, organize the planning of the second batch of reform pilot projects through a “competitive and optimal” process and reform and co-construction pairing activities. The four demonstration enterprises are striving to achieve the “four benchmarks”. We will focus on the reform pilot project of granting power to scientific and technological achievements, and strengthen process control. Continue to reduce the number of legal entities. In accordance with the requirements of the new Company Law, we will promote the revision of the articles of association of third-level and below enterprises, and promote the reform of the Supervisory Committee to improve modern corporate governance of state-owned enterprises. We will promote the normalization, standardization, and institutionalization of the “cadres being able to move up and down, employees being able to enter and exit, income being able to be high or low, and institutions being able to increase or decrease”, and ensure the continuous optimization of the three system reform performance indicators.
4. Continuously improve management level. Improve the “one overall, four precision, and two integrations” lean operation management system, promote the “strengthening the foundation, improving, and setting standards” action to improve quality and expand coverage. We will vigorously promote lean marketing, strengthen market information collection and analysis, and improve marketing planning capabilities. We will actively carry out lean design, optimize design processes, promote standardization and modularization, and strengthen coordination between design, technology, production, and procurement. We will implement lean management of the entire value chain, promote integrated project planning, lean inventory management, and standardization of product quantity and quality. We will expand the coverage of lean management and pilot and explore the implementation path of lean management for non-manufacturing enterprises.

5. Build a strong defense against risks. Enhance our bottom-line thinking and systematic thinking, deeply implement the construction work of the “three lines of defense”, including business supervision, functional supervision, disciplinary supervision of anti-corruption and prevention of change, strengthen performance evaluation, and promote the extension of the “three lines of defense” from the headquarters to the enterprises and from anti-corruption risk prevention to comprehensive risk prevention. Focus on preventing and controlling risks in areas such as accounts receivable, contracts, quality, business transformation, and international operations, and do a good job in dynamic risk monitoring and implement quantitative control measures for each project. Use evaluation tools for internal control risk and compliance system construction to promote compliance among all employees. We will play the role of internal audit supervision, increase the supervision of new business models, new business processes, and major overseas projects.

(IV) Possible Risks

1. *Price risk*

Risk description: The market for strategic emerging industries is vast and the future market prospects are bright. However, the sales prices of some products are subject to temporary fluctuations in the market, and the cyclical fluctuations in raw material prices also bring uncertainty to product costs.

Risk control measures: The Company will guide each enterprise to conduct analysis and forecast of major material prices, and do a good job in procurement planning and reserve planning for major procurement items, strengthen cost control in procurement, and enhance target cost management of projects to strengthen the rigid constraints of product budgets and improve project marginal contribution.

2. *Risks in the transformation and development of emerging industries*

Risk description: In recent years, the Company has actively increased its investment in strategic emerging industries and the scale of these industries has grown rapidly. However, due to the uncertainty of technology routes and market applications, the incubation period for these industries is relatively long and the initial return on investment is relatively low.

Risk control measures: (1) By continuously increasing investment in scientific and technological innovation, the Company will actively connect with the government to expand application scenarios, vigorously expand the domestic market, strengthen the resilience of industrial and supply chains, reduce production and operating costs, and enhance its competitiveness in emerging industries. (2) Further deepen research on the development trends, technological routes, and business models of strategic emerging industries, benchmark and learn from the experience and practices of industry leaders, and dynamically optimize and adjust development strategies to promote the Company's rapid acquisition of mass orders and promote the industrial scale of development through new industries, models, and momentum.

3. *International operation risks*

Risk description: In recent years, international geopolitical risks have become more prominent, with intense and complex major power games, accelerated restructuring of global industrial chains, and weak global economic growth. This brings great uncertainty to the Company's "going global", expanding international markets, and implementing overseas projects. International operations face more risk challenges.

Risk control measures: (1) The Company will strengthen its attention, analysis, and judgment of the international situation, as well as research and analysis of international markets and risks, accelerate the technological innovation of wind power, solar power, and other clean energy technologies, actively develop international markets, and do a good job in overseas marketing and planning to continuously enhance the international brand influence of Dongfang Electric. (2) Strengthen research and response to rules of multilateral institutions such as the World Bank, highlight risk identification, prevention, and response in sensitive countries and regions, and deepen the implementation of two-way compliance. In overseas business marketing, transaction mode design, and other foreign-related business activities, actively apply international rules and improve accurate compliance capabilities.

OTHERS

1. Capital Structure

For the year ended 31 December 2024, total share capital of the Company amounted to RMB3,117,499,457, comprising 2,777,499,457 A shares of RMB1.00 per share and 340,000,000 H shares of RMB1.00 per share. The capital structure of the Company is as follows:

Class of shares	2024		2023	
	Number of shares	% of total number of share capital issued	Number of shares	% of total number of share capital issued
A share	2,777,499,457	89.09%	2,778,533,797	89.10%
H share	340,000,000	10.91%	340,000,000	10.90%
Total	3,117,499,457	100%	3,118,533,797	100%

2. Major Acquisition and Disposal of Subsidiaries and Associates

Dongfang Electric Wind Power Share Co., Ltd. (東方電氣風電股份有限公司), a controlling subsidiary of the Company, disposals of 51% equity interests in its subsidiary, Mulei East New Energy Co., Ltd. (木壘東新新能源有限公司) (Mulei East), to Sichuan Chuantou New Energy Co., Ltd. (四川川投新能源有限公司) (Chuantou New Energy) at a consideration of RMB929 million. With reference to the appraised value of RMB1,820.63 million of Mulei East using the income approach with 30 September 2024 as the valuation benchmark date, the transaction price was determined to be RMB929 million corresponding to the 51% equity interests, which was to be paid by Chuantou New Energy in cash through negotiation between the parties to the transaction. For details, please refer to the “Announcement of Dongfang Electric Corporation Limited on Transfer of Equity Interests in Subsidiaries” (No. 2025-001).

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

3. Purchase, Sales or Redemption of Listed Securities of the Company

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

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; 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 total number of the above repurchase and cancellation of all the restricted shares that had been granted to 76 participant and yet still locked was 1,034,340 A shares, and such shares were cancelled on 14 March 2024.

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 (17,334 A shares in total) that have been granted to the aforesaid Participant yet still locked up. The total number of the above repurchase and cancellation of all the restricted shares that had been granted to 1 Participant and yet still locked was 17,334 A shares, and such shares were cancelled on 23 January 2025.

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

4. Events Subsequent to the Reporting Period

On 28 October 2024 and 30 October 2024, the Supervisory Committee and the Board 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 (17,334 A shares in total) that have been granted to the aforesaid Participant yet still locked up. The repurchase and cancellation of all the restricted shares that had been granted to 1 Participant and yet still locked, totalling 17,334 A shares, was approved at the 2024 third extraordinary general meeting, the 2024 second A shares class meeting and the 2024 second H shares class meeting of the Company held on 27 December 2024 and such shares were cancelled on 23 January 2025.

On 19 February 2025 and 20 February 2025, the Supervisory Committee and the Board of the Company have considered and approved the Resolution on the Proposed Renewal of the General Mandate to Issue Shares Granted to the Board by the General Meeting, whereby the general mandate to issue shares granted to the Board to decide on the issuance of A and/or H shares, separately or concurrently, in an amount not exceeding 20% of the respective number of the issued A shares or H shares of the Company, shall be extended for a period of 12 months (i.e. 12 months from 20 April 2025). This resolution was approved at the 2025 first extraordinary general meeting. For details, please refer to the Company’s circular dated 26 February 2025 and the poll results announcement of the 2025 first extraordinary general meeting of the Company dated 14 March 2025.

On 19 February 2025 and 20 February 2025, the Supervisory Committee and the Board of the Company considered and approved the Resolution on the Company and Dongfang Electric Corporation Signing the ‘Supplemental Agreement to the Profit Forecast Compensation Agreement’ with Preconditions. In view of the fact that the Company has not yet completed the issuance of A shares to specific targets in 2024, the Company intends to make supplemental provisions with DEC Group in respect of the profit forecast compensation for the event that the completion of the transaction is in 2025, and to sign the supplemental agreement to the Profit Forecast Compensation Agreement. For details, please refer to the Company’s announcement dated 20 February 2025.

Reference is made to the announcement of the Company dated 20 February 2025, in relation to the proposal to nominate Mr. Zhang Shaofeng as a candidate for director of the eleventh session of the Board of the Company, upon approval at the 2025 first extraordinary general meeting of the Company on 14 March 2025, Mr. Zhang Shaofeng was elected as a Director of the eleventh session of the Board of the Company for a term commencing from 14 March 2025 until the expiry of the term of the eleventh session of the Board. For details, please refer to the Company's circular dated 26 February 2025 and the poll results announcement of the 2025 first extraordinary general meeting of the Company dated 14 March 2025.

With effect from 14 March 2025, Mr. Song Zhiyuan ceased to be a director of the Company due to having reached the statutory retirement age. For details, Please refer to the Company's announcement dated 14 March 2025.

5. Corporate Governance Code

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

6. Model Code for Securities Transactions

The Company has adopted a code of conduct regarding securities transactions by Directors and supervisors of the Company on the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in Appendix C3 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Having made specific enquiry to all Directors and supervisors of the Company, the Company confirms that, for the year ended 31 December 2024, the Directors and supervisors of the Company had complied with the provisions regarding the securities transactions by Directors and supervisors as set out in the Model Code.

7. Audit and Review of Annual Results

The Company has not yet obtained the audit report issued by the annual audit auditor, but the financial data in this announcement has been agreed with the auditor. The audit and review committee of the Company has reviewed and confirmed the unaudited annual results for the year ended 31 December 2024.

8. Information Disclosure

This announcement will be available on the websites of The Stock Exchange of Hong Kong Limited (<http://www.hkexnews.hk>) and the Company (<http://dfem.wsfg.hk>). The annual report of the Company for the year ended 31 December 2024 will be published on the websites of The Stock Exchange of Hong Kong Limited and the Company in due course. Hard copies will be dispatched to the shareholders of the Company upon request.

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

By order of the Board
Dongfang Electric Corporation Limited
Yu Peigen
Chairman

Chengdu, Sichuan Province, PRC
31 March 2025

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

Directors: Yu Peigen, Zhang Yanjun, Zhang Shaofeng and Sun Guojun
Independent Non-executive Directors: Huang Feng, Zeng Daorong and Chen Yu