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

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

(Stock Code: 1072)

ANNOUNCEMENT OF 2023 INTERIM RESULTS

RESULTS HIGHLIGHTS

Total operating revenue of the Group for the first half of 2023 amounted to RMB29,915 million, representing an increase of 7.19% as compared with the same period of the previous year;

Net profit of the Group attributable to shareholders of the parent company for the first half of 2023 amounted to RMB2,002 million, representing an increase of 12.85% as compared with the same period of the previous year;

Earnings per share of the Group in the first half of 2023 amounted to RMB0.64, as compared with RMB0.57 for the same period of the previous year;

New orders of the Group in the first half of 2023 amounted to RMB48,857 million;
and

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

The board (the “**Board**”) of directors (the “**Directors**”) of Dongfang Electric Corporation Limited (the “**Company**”) is pleased to announce the unaudited interim consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2023 (the “**Period**” or “**Reporting Period**”) prepared in accordance with the China Accounting Standards for Business Enterprises. The unaudited interim consolidated results have been reviewed by the audit and review committee of the Company.

FINANCIAL INFORMATION

Consolidated Statement of Financial Position

30 June 2023

(Amounts are expressed in RMB unless otherwise stated)

Item	Notes	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Current Assets:			
Cash and cash equivalents		18,419,338,817.50	15,038,954,412.20
Clearing provision		–	–
Funds for lending		2,072,258,000.00	30,000,000.00
Held-for-trading financial assets		694,245,551.19	1,031,815,888.77
Derivative financial assets		–	–
Notes receivable		1,353,637,092.04	1,259,829,103.22
Accounts receivable	2	13,440,361,804.00	10,092,237,182.40
Receivables financing		1,795,894,222.01	1,553,557,305.66
Prepayments		6,931,426,558.21	5,485,312,103.62
Premiums receivable		–	–
Amounts receivable under reinsurance contracts		–	–
Reinsurer's share of insurance contract reserves		–	–
Other receivables		607,009,019.51	508,367,654.26
Including: Interest receivable		95,994,517.96	44,123,162.89
Dividends receivable		24,482,648.69	24,482,648.69
Financial assets purchased under resale agreements		2,870,000,000.00	1,390,000,000.00
Inventories		19,009,339,842.03	18,455,259,894.80
Contract assets		12,404,980,106.35	10,685,404,327.66
Assets held for sale		–	–
Non-current assets due within one year		784,753,927.93	931,706,413.91
Other current assets		889,535,716.63	947,426,336.84
Total Current Assets		81,272,780,657.40	67,409,870,623.34

Item	<i>Notes</i>	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Non-current Assets:			
Loans and advances		5,380,895,872.02	4,548,783,922.30
Debt investments		21,101,360,607.05	25,380,129,406.70
Other debt investments		–	–
Long-term receivables		167,412,253.40	175,090,435.83
Long-term equity investments		2,602,418,809.35	2,398,321,350.77
Other investments in equity instruments		540,810,632.91	643,319,010.30
Other non-current financial assets		–	–
Investment properties		149,662,185.31	148,621,837.35
Fixed assets		4,880,990,021.32	4,876,157,932.17
Constructions in process		454,861,013.30	375,883,613.38
Productive biological assets		–	–
Oil and gas assets		–	–
Right-of-use assets		246,993,130.29	297,189,745.62
Intangible assets		1,763,848,104.22	1,761,826,282.17
Development expenditure		24,910,965.94	5,250,961.72
Goodwill		–	–
Long-term deferred expenses		2,805,229.78	2,184,738.06
Deferred tax assets		3,185,223,854.43	3,143,255,183.92
Other non-current assets		4,698,084,954.43	4,099,175,423.76
Total Non-current Assets		<u>45,200,277,633.75</u>	<u>47,855,189,844.05</u>
TOTAL ASSETS		<u>126,473,058,291.15</u>	<u>115,265,060,467.39</u>

Item	<i>Notes</i>	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Current Liabilities:			
Short-term loans		127,000,000.00	103,235,027.02
Loans from the central bank		–	–
Taking from banks and other financial institutions		–	–
Held-for-trading financial liabilities		–	–
Derivative financial liabilities		20,060,385.90	2,725,701.24
Notes payable		12,939,174,769.99	10,026,704,197.84
Accounts payable	3	20,692,894,781.90	17,349,894,192.01
Receipts in advance		–	–
Contract liabilities		33,499,003,147.40	32,191,795,772.36
Financial assets sold under repurchase agreements		–	–
Customer deposits and deposits from banks and other financial institutions		6,145,483,561.94	4,389,305,510.35
Funds from securities trading agency		–	–
Funds from underwriting securities agency		–	–
Employee benefits payable		652,334,789.29	842,346,003.01
Taxes payable		400,156,692.64	330,959,977.79
Other payables		2,279,400,500.96	1,267,004,545.61
Including: Interest payable		7,177,742.39	7,526,176.87
Dividends payable		1,050,198,651.47	4,023,929.75
Fees and commissions payable		–	–
Amounts payable under insurance contracts		–	–
Liabilities held for sale		–	–
Non-current liabilities due within one year		584,380,505.88	625,856,387.58
Other current liabilities		257,925,511.62	294,431,940.09
Total Current Liabilities		<u>77,597,814,647.52</u>	<u>67,424,259,254.90</u>

Item	<i>Notes</i>	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Non-current Liabilities:			
Insurance contract reserves		–	–
Long-term borrowings		992,528,894.75	951,113,407.87
Bonds payable		–	–
Including: Preferred stocks		–	–
Perpetual capital securities		–	–
Lease liabilities		191,693,555.47	184,843,215.08
Long-term payables		240,000.00	240,000.00
Long-term accrued payroll		1,120,197,625.97	1,047,826,935.57
Provisions liabilities		6,362,450,369.83	6,633,580,833.59
Deferred income		360,297,945.16	338,013,895.13
Deferred tax liabilities		50,382,396.50	60,311,398.09
Other non-current liabilities		–	–
		<hr/>	<hr/>
Total Non-current Liabilities		<u>9,077,790,787.68</u>	<u>9,215,929,685.33</u>
TOTAL LIABILITIES		<u>86,675,605,435.20</u>	<u>76,640,188,940.23</u>

Item	<i>Notes</i>	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Owners' Equity:			
Share capital		3,118,533,797.00	3,118,807,797.00
Other equity instruments		–	–
Including: Preferred shares		–	–
Perpetual capital securities		–	–
Capital reserves		11,569,657,749.25	11,644,956,621.11
Less: Treasury shares		111,093,911.81	112,550,221.81
Other comprehensive income		(53,984,216.12)	262,952.31
Special reserves		144,851,845.45	129,425,897.03
Surplus reserves		1,201,503,540.86	1,201,503,540.86
General risk reserves		–	–
Retained profits	4	<u>19,956,518,710.73</u>	<u>18,999,069,789.89</u>
Total Owners' Equity Attributable to Equity Holders of the Parent Company			
		<u>35,825,987,515.36</u>	<u>34,981,476,376.39</u>
Non-controlling Shareholders' Equity			
		<u>3,971,465,340.59</u>	<u>3,643,395,150.77</u>
Total Owners' Equity			
		<u>39,797,452,855.95</u>	<u>38,624,871,527.16</u>
TOTAL LIABILITIES AND OWNERS' EQUITY			
		<u>126,473,058,291.15</u>	<u>115,265,060,467.39</u>

Consolidated Income Statement

For the six months ended January-June 2023

(Amounts are expressed in RMB unless otherwise stated)

Item	Notes	January-June 2023 (Unaudited)	January-June 2022 (Unaudited)
I. Total revenue	5	29,915,296,549.01	27,909,010,359.66
Including: Operating revenue		29,345,972,781.79	27,323,411,535.87
Interest income		568,157,152.70	584,434,000.71
Premium earned		–	–
Fee and commission income		1,166,614.52	1,164,823.08
II. Total operating costs		27,438,020,671.19	25,997,346,352.43
Including: Operating costs		24,230,760,861.78	22,835,597,803.11
Interest expenses		19,824,586.82	50,997,730.48
Fee and commission expenses		777,722.29	699,886.05
Surrenders		–	–
Net claims		–	–
Net provision for insurance contract		–	–
Insurance policyholder dividends		–	–
Expenses for reinsurance accepted		–	–
Tax and levies		164,017,934.21	170,614,007.64
Sales expenses		688,194,497.21	707,505,965.71
Administrative expenses		1,341,884,330.39	1,341,880,622.33
R&D expenses		1,070,700,313.76	945,283,705.10
Financial expenses		(78,139,575.27)	(55,233,367.99)
Including: Interest expenses		26,710,478.90	25,281,722.08
Interest income		24,015,239.52	17,610,455.06

Item	Notes	January-June 2023 (Unaudited)	January-June 2022 (Unaudited)
Add: Other gains		88,024,357.45	188,104,269.86
Investment income		177,601,878.67	134,846,276.83
Including: Income from investments in associates and joint ventures		189,024,034.56	116,777,292.85
Derecognition of gains on financial assets measured at amortized cost		-	-
Foreign exchange gains		943,620.08	1,720,767.48
Gains from net exposure hedges		-	-
Gains from changes in fair values		48,639,616.41	(9,897,217.58)
Credit impairment loss		(324,271,396.48)	91,443,759.24
Impairment loss of assets		(143,524,898.51)	(272,368,380.50)
Gains from disposal of assets		4,859,201.14	43,041,729.82
III. Operating profit		2,329,548,256.58	2,088,555,212.38
Add: Non-operating revenue		14,889,115.44	17,321,985.17
Less: Non-operating expenses		17,890,468.27	36,431,583.15
IV. Total profit		2,326,546,903.75	2,069,445,614.40
Less: Income tax expenses	6	230,333,499.86	204,189,356.65
V. Net profit		2,096,213,403.89	1,865,256,257.75
(I) Classified by continuing operations			
1. Net profit from continuing operations		2,096,213,403.89	1,865,256,257.75
2. Net profit from discontinued operations		-	-
(II) Classified by ownership			
1. Net profit attributable to shareholders of the parent company		2,002,157,742.84	1,774,136,141.38
2. Profit or loss attributable to non-controlling interest		94,055,661.05	91,120,116.37

Item	Notes	January-June 2023 (Unaudited)	January-June 2022 (Unaudited)
VI. Other comprehensive income (“OCI”) (net of tax)		(55,285,249.38)	35,460,142.80
OCI attributable to owners of the parent company (net of tax)		(54,247,168.43)	34,695,519.65
(I) OCI that will not be reclassified to profit and loss		(84,313,676.43)	–
1. Changes arising from remeasurement benefit plans recognized		–	–
2. OCI by equity method that will not be reclassified to profit and loss		–	–
3. Changes in fair value of investment in other equity instruments		(84,313,676.43)	–
4. Changes in fair value of the Company’s own credit risks		–	–
(II) OCI that will be reclassified to profit and loss		30,066,508.00	34,695,519.65
1. OCI by equity method that will be reclassified to profit and loss		(37,603.92)	273,511.35
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		(672,777.16)	1,685,257.82
5. Reserve on cash flow hedges		–	–
6. Exchange differences from translation of financial statements		30,776,889.08	32,736,750.48
7. Others		–	–
OCI attributable to non-controlling interest (net of tax)		(1,038,080.95)	764,623.15
VII. Consolidated income		2,040,928,154.51	1,900,716,400.55
Consolidated income attributable to owners of the parent company		1,947,910,574.41	1,808,831,661.03
Consolidated income attributable to non-controlling interests		93,017,580.10	91,884,739.52
VIII. Earnings per share:			
(1) Basic earnings per share (<i>RMB/share</i>)	7	0.64	0.57
(2) Diluted earnings per share (<i>RMB/share</i>)	7	0.64	0.57

NOTES TO THE FINANCIAL INFORMATION

For the six months ended 30 June 2023

(Amounts are expressed in RMB unless otherwise stated)

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

2. ACCOUNTS RECEIVABLE

Aging analysis of accounts receivable

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Within 1 year	10,175,727,528.91	7,186,583,421.99
1 to 2 years	2,865,997,985.80	2,504,180,735.35
2 to 3 years	1,481,543,812.89	1,208,150,000.58
3 to 4 years	666,426,428.72	762,150,071.93
4 to 5 years	421,065,090.24	404,728,806.77
Over 5 years	2,672,344,966.32	2,704,602,440.71
Sub-total	18,283,105,812.88	14,770,395,477.33
Less: Provision for bad debts	4,842,744,008.88	4,678,158,294.93
Total	13,440,361,804.00	10,092,237,182.40

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

3. ACCOUNTS PAYABLE

Aging analysis of accounts payable

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Within 1 year (inclusive)	17,864,372,241.64	14,584,970,836.66
1 to 2 years (inclusive)	1,400,649,560.21	1,211,799,005.78
2 to 3 years (inclusive)	592,694,969.51	518,486,513.10
Over 3 years	835,178,010.54	1,034,637,836.47
Total	<u>20,692,894,781.90</u>	<u>17,349,894,192.01</u>

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

4. RETAINED PROFITS

Item	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Retained profits at the beginning of the year	18,999,069,789.89	16,976,316,664.38
Add: Net profits attributable to owners of the parent company for the Period	2,002,157,742.84	2,854,650,575.05
Less: Withdrawal of statutory surplus reserves	-	114,571,656.23
Withdrawal of discretionary surplus reserve	-	-
Withdrawal of general risk reserve	-	-
Dividend payable on ordinary shares	1,044,708,822.00	717,325,793.31
Ordinary shares dividends transferred to share capital	-	-
Add: Carry-forward of other comprehensive income for retained earnings	-	-
Others	-	-
Retained profits at the end of the Period	<u>19,956,518,710.73</u>	<u>18,999,069,789.89</u>

5. OPERATING REVENUE AND OPERATING COST

Item	For the six months ended 30 June 2023 (Unaudited)		For the six months ended 30 June 2022 (Unaudited)	
	Revenue	Cost/Interest expenses/Fee and commission expenses	Revenue	Cost/Interest expenses/Fee and commission expenses
Principal operations	29,164,647,042.65	24,140,303,632.51	27,087,854,394.87	22,753,171,458.08
Other operations	181,325,739.14	90,457,229.27	235,557,141.00	82,426,345.03
Interest income	568,157,152.70	19,824,586.82	584,434,000.71	50,997,730.48
Fee and commission income	1,166,614.52	777,722.29	1,164,823.08	699,886.05
Total	29,915,296,549.01	24,251,363,170.89	27,909,010,359.66	22,887,295,419.64

6. INCOME TAX EXPENSES

Item	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
Income tax expenses for current period	271,493,563.83	332,680,097.28
Deferred income tax expenses	(41,160,063.97)	(128,490,740.63)
Total	230,333,499.86	204,189,356.65

Except for five overseas subsidiaries of the Company, namely Dongfang Electric (India) Private Limited (東方電氣(印度)有限公司), Dongfang Electric (Indonesia) Private Limited (東方電氣(印尼)有限公司), Uzi Solar Energy Project Co., Ltd. (烏茲太陽能項目有限公司), Laos Nam Mang Power Company Limited (老撾南芒河電力有限公司) and Dongfang Electric Azerbaijan Private Limited (東方電氣阿塞拜疆有限公司), which are subject to corporate income tax as stipulated by their respective local laws, and certain other subsidiaries which enjoy a preferential tax rate of 15% and Dongfang Electric Zhongneng Industrial Control Network Security Technology (Chengdu) Company Limited (東方電氣中能工控網絡安全技術(成都)有限責任公司) which enjoys a preferential tax rate for small and micro businesses, the remaining subsidiaries are subject to corporate income tax at a rate of 25%.

7. EARNINGS PER SHARE

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

Basic earnings per share are calculated as follows:

Item	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
Combined net profit attributable to the holders of ordinary shares of the parent company	2,002,157,742.84	1,774,136,141.38
Weighted average number of outstanding ordinary shares of the Company (Note)	3,118,807,797.00	3,119,076,130.00
Basic earnings per share (RMB per share) (Note)	0.64	0.57
Including: Basic earnings per share from continuing operations (RMB per share)	<u>0.64</u>	<u>0.57</u>

Notes:

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

= Share capital at the beginning of the year + Change in the number of shares in the period
* months counted from the next month following the change to the end of the Reporting Period/the number of months during the Reporting Period

= 3,118,807,797.00

(2) Basic earnings per share

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

(3) The Company repurchased and cancelled 274,000 restricted A shares during the Period, which did not affect the calculation of basic earnings per share and did not had dilution effect on earnings per share.

8. SEGMENT REPORTING

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

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

Reportable segments for the first half of 2023

Item	Renewable energy equipment	High-efficient clean energy equipment	Engineering and trade	Modern manufacturing services business	Emerging growth business	Summary	Write-off	Total
Operating revenue	8,110,730,345.74	18,334,502,178.99	6,762,030,647.05	2,784,413,334.15	6,182,985,116.81	42,174,661,622.74	12,259,365,073.73	29,915,296,549.01
Including: External transaction income	6,926,996,917.36	9,972,933,051.45	6,098,999,637.62	2,410,724,064.21	4,505,642,878.37	29,915,296,549.01	-	29,915,296,549.01
Inter-segment transaction income	1,183,733,428.38	8,361,569,127.54	663,031,009.43	373,689,269.94	1,677,342,238.44	12,259,365,073.73	12,259,365,073.73	-
Operating cost	7,243,940,968.63	16,895,767,418.76	6,059,385,987.57	1,698,720,715.41	5,184,384,876.28	37,082,199,966.65	12,830,836,795.76	24,251,363,170.89
Cost written off	1,181,778,540.27	8,678,804,703.66	1,015,042,076.99	575,458,143.26	1,379,753,331.58	12,830,836,795.76	-	12,830,836,795.76
Expenses for the period	-	-	-	-	-	2,836,023,670.98	(186,615,895.11)	3,022,639,566.09
Operating profit (loss)	864,834,489.00	1,755,970,336.35	1,054,655,727.04	1,287,461,492.06	701,011,333.67	5,663,933,378.12	3,334,385,121.54	2,329,548,256.58
Total assets						209,264,595,092.54	82,791,536,801.39	126,473,058,291.15
Including: Amount of substantial impairment loss on a single asset						-	-	-
Total liabilities						147,395,658,533.85	60,720,053,098.65	86,675,605,435.20
Supplemental information						-	-	-
Capital expenditure						-	-	-
Recognized impairment loss of the current period						(446,369,429.73)	21,426,865.26	(467,796,294.99)
Including: Amortization of impairment of goodwill								
Depreciation and amortization expenses						440,592,262.50	-	440,592,262.50
Non-cash expenses other than impairment loss, depreciation and amortization						-	-	-

Reportable segments for the first half of 2022

Item	Renewable energy equipment	High-efficient clean energy equipment	Engineering and trade	Modern manufacturing services business	Emerging growth business	Summary	Write-off	Total
Operating revenue	9,579,800,238.13	15,105,288,599.59	5,098,404,109.00	2,732,654,189.67	6,002,145,672.66	38,518,292,809.05	10,609,282,449.39	27,909,010,359.66
Including: External transaction income	8,148,581,783.36	8,534,207,636.55	4,474,351,406.28	2,328,945,346.08	4,422,924,187.39	27,909,010,359.66	-	27,909,010,359.66
Inter-segment transaction income	1,431,218,454.77	6,571,080,963.04	624,052,702.72	403,708,843.59	1,579,221,485.27	10,609,282,449.39	10,609,282,449.39	-
Operating cost	8,576,828,189.34	13,584,749,762.90	4,549,027,525.39	1,930,859,565.35	5,149,334,264.95	33,790,799,307.93	10,903,503,888.29	22,887,295,419.64
Cost written off	1,436,417,445.06	6,856,668,166.65	554,140,655.88	719,849,365.30	1,336,428,255.40	10,903,503,888.29	10,903,503,888.29	-
Expenses for the period	-	-	-	-	-	2,646,967,043.50	(292,469,881.65)	2,939,436,925.15
Operating profit (loss)	1,002,972,048.79	1,520,538,836.69	549,376,583.61	801,794,624.32	852,811,407.71	4,727,493,501.12	2,638,938,288.74	2,088,555,212.38
Total assets						193,254,878,511.22	83,359,514,131.06	109,895,364,380.16
Including: Amount of substantial impairment loss on a single asset						-	-	-
Total liabilities						135,319,753,104.33	62,071,663,656.61	73,248,089,447.72
Supplemental information						-	-	-
Capital expenditure						-	-	-
Recognized impairment loss of the current period						(159,059,229.90)	21,865,391.36	(180,924,621.26)
Including: Amortization of impairment of goodwill								
Depreciation and amortization expenses						449,822,030.35	-	449,822,030.35
Non-cash expenses other than impairment loss, depreciation and amortization						-	-	-

9. DIVIDENDS

The Company paid 2022 final dividend of RMB3.35 for every 10 shares (tax inclusive) totalling a cash distribution of RMB1,044,708,822.00 to its shareholders on 28 July 2023, with the approval of the 2022 annual general meeting held on 28 June 2023.

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2023 (30 June 2022: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

The main business model of the Company is to develop, design, manufacture and sell advanced and green wind power, solar power, hydropower, nuclear power, gas power and clean coal power, and high-end equipment such as chemical equipment, energy saving and environmental protection, power electronics and control, hydrogen energy and to provide engineering contracting and services to global energy operators. As one of the significant Research and Development (R&D) manufacturers of high-end energy equipment and the mega enterprises for project contracting, the Company operated its production and service business covered nearly 80 countries and regions around the world, and has strong competitiveness and influence in the field of energy equipment.

The Company has a completed energy equipment research, manufacturing and service system, and is capable of mass production of 1 million kilowatt-class hydropower units, 1.35 million kilowatt-class ultra-supercritical coal-fired power generating units, 1.75 million kilowatt-class nuclear power generating units, heavy-duty gas turbine equipment, direct-drive and double-fed full-series wind power units and high-efficiency solar power station equipment. Our clean coal power products, such as 1 million kilowatt-class air-cooled units and large circulating fluidized bed boilers are industry-leading; our hydropower products are generally among the top in China, and our hydroelectric technologies, such as cross-flow, mixed-flow and pumped storage, have reached international leading level. Our 13MW class offshore wind turbine has reached leading level in China. The Company has the ability to manufacture core equipment in the petrochemical field such as chemical containers, drive turbines, shield pumps, long-haul pipeline compressors, etc., the system solution capability for waste gas and water treatment, solid waste disposal and resource utilization, the equipment and system technology capability for power electronics and industrial automation and intelligent manufacturing, and the energy storage design and integration capability to comprehensively build a hydrogen energy industrial system, and has established an overall solution for the entire industry chain for hydrogen fuel cell, hydrogen acquisition, hydrogen storage, hydrogen filling and hydrogen use.

In the first half of 2023, the international political and economic situation was complicated and the world economy showed a weak recovery. China's economy has gradually recovered, and the overall economic operation has shown a sound trend of recovery. In the first half of the year, the electricity consumption in the PRC increased by 5.0% year on year, increased in growth as compared to the corresponding period of the previous year. The power installation maintained a growth momentum. As of the end of June, the total installed power capacity in the PRC was 2,710,000 MW, representing a year-on-year increase of 10.8%. The power investment showed a significant growth, with major power generation enterprises in the PRC completing an investment in power supply projects of RMB331.9 billion, representing a year-on-year increase of 53.8%. In general, the energy equipment industry maintained a good market prospect.

II. Analysis of Core Competitiveness during the Reporting Period

As one of the significant R&D manufacturers of high-end energy equipment and the mega enterprises for project contracting in the world, the Company proactively linked up and served national strategies, based on the development, design, manufacture, sales and services of high-end energy equipment, by continuously improving the industrial pattern of “Simultaneous Development of Six Types of Power” including wind power, solar power, hydropower, nuclear power, gas power and clean coal power as well as “Six Industries Synergy” including high-end petrochemical equipment, energy conservation and environmental protection, engineering and international trade, modern manufacturing services, power electronics and control, and emerging industries. The Company has the advantages of outstanding technological innovation capability with diverse and completed industrial layout, advanced manufacturing and service capability, remarkable market expansion capability, and deep cultural and brand accumulation. During the Reporting Period, there were no material changes in the Company's core competitiveness.

III. Discussion and Analysis of Operations

In the first half of 2023, the operating indicators of the Company have generally achieved the goal of “Doubling over half” and the work of each line is progressing in an orderly manner. From January to June 2023, the Company recorded a total operating revenue of RMB29,915 million, representing a year-on-year increase of 7.19%; net profit attributable to the shareholders of the Company of RMB2,002 million, representing a year-on-year increase of 12.85%; and earnings per share of RMB0.64, representing a year-on-year increase of 12.28%.

1. Significant Results in Industry Expansion

From January to June 2023, the Company realised new effective orders amounting to RMB48,857 million, representing a year-on-year growth of 33.29%. On the basis of consolidating the traditional advantaged industries, the Company has continuously made breakthroughs in new products and fields. In respect of hydropower, the Company has won a contract for the research and development of the world’s largest single-machine-capacity 500 MW impact hydropower generator unit. The Company has achieved market breakthroughs in various areas, including pumped storage in variable speed applications, driving turbines in air separation fields, and hydrogen energy in heavy-duty trucks and engineering vehicles. The Company also made the first entry into the market in Saudi Arabia with waste heat boilers. The comprehensive energy sector secured a total contracting project for solar storage and comprehensive smart energy in Thailand. Among the new orders, 42.96% were for clean and efficient energy equipment, 23.65% were for renewable energy equipment, 11.70% were for engineering and trading, 9.25% were for modern manufacturing services, and 12.43% were for emerging growth industries.

2. *New Achievements in Technological Innovation*

Insisting on innovation as the primary momentum, the Company has actively built a “Source” of original energy equipment technology, striven to be the “Chain Leader” of the industrial chain, strengthened the construction of high-level innovation platforms, steadily built the National Key Laboratory, deepened industry-university-research cooperation, and formally established the Yangtze River Delta Innovation Research Institute. Since 2023, the Company has been continuously achieving innovative breakthroughs, with the successful engineering application of China’s first 150 MW impact hydroelectric turbine with the largest single-machine capacity; the first commercial unit of an independently-developed F-class 50MW heavy-duty combustion turbine formally put into commercial operation; the smooth shipment of the regulator of the world’s first small reactor “ACP100 (玲龍一號)” in Hainan Changjiang; the 126-metre independently-developed and world’s longest wind turbine blade rolled out of the assembly line; the world’s first successful pilot test of the in-situ direct electrolysis of desalination-free seawater for offshore wind power generation at sea; and the first grid-connected generation of solid-state hydrogen in the Mainland by an electric-hydrogen intelligent energy station, which provided the key technologies and systems.

3. *Continuous Improvement in Management*

The Company has solidly launched special actions to improve quality and efficiency, identified operational shortcomings and weak indicators, formulated quality and efficiency improvement plan on a “one enterprise, one policy” basis, focused on links with prominent problems, clarified work objectives, ensured the implementation of measures, and enhanced the ability to create enterprise value. The Company has continued to improve cost management, strengthened cost management organisations at all levels, strengthened internal and external benchmarking of costs, promoted the enhancement of cost control capability across the value chain, and vigorously promoted cost reduction. The Company continued to improve the production and operation management model, and insisted on coordinating the construction of core production capacity and the utilisation of social resources to achieve the target of contract compliance rate and sustained growth in the output of major products. The Company has promoted the establishment of a coordination mechanism between overseas business platforms, and a good working pattern of resource sharing and synergistic development is taking shape.

4. *Steady Progress in Risk Prevention and Control*

The Company has improved and perfected the rule of law system, revised relevant management system, improved the “four-in-one” operation mechanism of legislation, compliance, risk and internal control management, and promoted the continuous strengthening of the rule of law construction in enterprises. The Company has strengthened its compliance management, carried out special actions to build a compliance culture, and promoted the appointment of chief compliance officers or compliance management leaders in secondary subsidiaries. The Company has strengthened the daily risk prevention and response, identify, assess, warn and respond to key risks on a regular basis, and made every effort to ensure that no major risks occur. The Company has practically enhanced the effectiveness of audit supervision, vigorously promoted big data auditing and “online audit supervision”, and enhanced the capability of “technology-enhanced auditing”. The Company has also solidly carried out special investigation and remediation work on major accident hazards and launched thematic experience and feedback activities to resolutely prevent and curb the occurrence of various accidents, and effectively and fundamentally eliminate accidents and hidden dangers.

IV. Principal Business during the Reporting Period

During the Reporting Period, the Company recorded a total operating revenue of RMB29,915 million, representing an increase of 7.19% as compared with the same period of the previous year; net profit attributable to the shareholders of the Company of RMB2,002 million, representing an increase of 12.85% as compared with the same period of the previous year; net profit attributable to the shareholders of the Company after non-recurring profit or loss of RMB1,819 million, representing an increase of 26.50% as compared with the same period of the previous year; and earnings per share of RMB0.64.

(I) Analysis of Principal Business

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

Item	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)	Change (%)
Operating revenue	29,345,972,781.79	27,323,411,535.87	7.40
Cost of sales	24,230,760,861.78	22,835,597,803.11	6.11
Selling expenses	688,194,497.21	707,505,965.71	-2.73
Administrative expenses	1,341,884,330.39	1,341,880,622.33	0.00
Finance costs	(78,139,575.27)	(55,233,367.99)	N/A
R&D expenditure	1,070,700,313.76	945,283,705.10	13.27
Other income	88,024,357.45	188,104,269.86	-53.20
Investment income	177,601,878.67	134,846,276.83	31.71
Gains from changes in fair values	48,639,616.41	(9,897,217.58)	N/A
Credit impairment loss	(324,271,396.48)	91,443,759.24	N/A
Impairment loss of assets	(143,524,898.51)	(272,368,380.50)	N/A
Gains from disposal of assets	4,859,201.14	43,041,729.82	-88.71
Net cash flow from operating activities	(2,211,996,945.61)	2,399,289,834.48	N/A
Net cash flows from investing activities	4,587,865,727.41	(8,440,628,678.16)	N/A
Net cash flows from financing activities	237,037,680.05	82,597,531.87	186.98

(1) Reasons for change in operating revenue: the operating revenue for the Period increased by 7.40% from the previous year, mainly due to the year-on-year increase of 16.86% in revenue of high-efficient clean energy equipment.

(2) Reasons for change in cost of sales: the cost of sales for the Period increased by 6.11% from the previous year, mainly due to the corresponding increase as a result of the increase in sales volume.

- (3) Reasons for change in selling expenses: the selling expenses for the Period decreased by 2.73% from the previous year, mainly due to the year-on-year decrease in income of the subsidiary of the Company, Dongfang Electric Wind Power, during the Period, and the year-on-year decrease in provisions made for quality warranty based on income proportion.
- (4) Reasons for change in administrative expenses: there's only slight change in the administrative expenses for the Period.
- (5) Reasons for change in finance costs: the finance costs for the Period decreased by RMB23 million from the previous year, mainly due to the year-on-year increase of RMB12 million in net exchange gains.
- (6) Reasons for change in R&D expenditure: the R&D expenditure for the Period increased by 13.27% from the previous year, mainly due to the increase in the R&D investment during the Period.
- (7) Reasons for change in other income: the other income for the Period decreased by 53.20% from the previous year, mainly due to the income from debt restructuring of RMB136 million for the previous period.
- (8) Reasons for change in investment income: the investment income for the Period increased by 31.71% from the previous year, mainly due to the year-on-year increase in income from long-term equity investments accounted for by the equity method during the holding period.
- (9) Reasons for change in gains from changes in fair values: gains from changes in fair values for the Period increased by RMB59 million, mainly due to the floating profit on stocks and funds.
- (10) Reasons for change in credit impairment loss: the provision for credit impairment losses for the Period increased by RMB416 million from the previous year, mainly due to recovery of impairment from the reversal of bankruptcy distribution in the corresponding period of the previous year. There was no such event in the Period.

- (11) Reasons for change in impairment loss of assets: the impairment loss of assets for the Period decreased by RMB129 million from the previous year, mainly due to the reversal of impairment loss resulting from the recovery of contract assets retention money due for the Period.
- (12) Reasons for change in gains from disposal of assets: gains from disposal of assets for the Period decreased by 88.71% from the previous year, mainly due to disposal of idled land and attached buildings by subsidiaries in the previous year. There was no such event in the Period.
- (13) Reasons for change in the net cash flow from operating activities: the net cash flow from operating activities for the Period decreased by RMB4,611 million from the previous year, mainly due to the outflow from the interbank business carried out by DEC Finance of the Company, and the net cash outflow from operating activities amounted to RMB505 million after excluding the impact of DEC Finance of the Company, a year-on-year decrease of RMB73 million in the outflow.
- (14) Reasons for change in net cash flow from investing activities: the net cash flow from investing activities for the Period increased by RMB13,028 million from the previous year, mainly due to the year-on-year increase in net investment inflow of the interbank deposit certificates and other businesses of DEC Finance of the Company during the Period.
- (15) Reasons for change in net cash flows from financing activities: the net cash flows from financing activities for the Period increased by RMB154 million from the previous year, mainly due to the borrowings obtained for business needs of the subsidiary of the Company.

2. Analysis of operations by industry, product or region

1. Total operating revenue by industry and product

By product	Revenue	Cost	Gross profit margin (%)	Year-on-	Year-on-	Year-on-
				year increase/ decrease in revenue (%)	year increase/ decrease in cost (%)	year increase/ decrease in gross profit margin (%)
Operations by industry						
Renewable energy equipment	6,926,996,917.36	6,062,162,428.36	12.48	-14.99	-15.10	0.11
High-efficient clean energy equipment	9,972,933,051.45	8,216,962,715.10	17.61	16.86	22.13	-3.56
Engineering and trade	6,098,999,637.62	5,044,343,910.58	17.29	36.31	26.27	6.58
Modern manufacturing services business	2,410,724,064.21	1,123,262,572.15	53.41	3.51	-7.25	5.40
Emerging growth business	4,505,642,878.37	3,804,631,544.70	15.56	1.87	-0.22	1.77

- (1) Realising various varying level of revenue growth in other segments except for renewable energy equipment, which recorded a decrease in income during the Period. Total operating revenue increased by 7.19% year on year during the Period.
- (2) The revenue from renewable energy equipment for the Period decreased year by 14.99% year on year, mainly due to the fierce competition in the wind power segment, representing a year-on-year decrease in revenue of 18.86%. The gross profit margin for the Period increased by 0.11 percentage point, mainly due to the increase in the gross profit margin of hydropower products.
- (3) The operating revenue from high-efficiency clean energy equipment for the Period increased by 16.86% year on year, mainly due to the Company's ability to capture the recovery of the coal power market, representing a year-on-year increase in revenue from coal power of 18.52%. The gross profit margin decreased by 3.56 percentage points during the Period, mainly due to the decrease in the gross profit margin of nuclear power.

- (4) The operating revenue from engineering and trade for the Period increased by 36.31% year on year, mainly due to the year-on-year increase in revenue from trade. The gross profit margin increased by 6.58 percentage points year on year during the Period, mainly due to the increase in the gross profit margin of engineering contracting.
- (5) The operating revenue from modern manufacturing services business for the Period increased by 3.51% year on year, mainly due to the year-on-year increase in revenue from power plant services. The gross profit margin for the Period increased by 5.40 percentage points year on year, mainly due to the year-on-year increase in the gross profit margin from power plant services.

2. Total operating revenue by region

Unit: RMB

Region	Total operating revenue	Year-on-year increase/decrease in total operating revenue
Domestic	26,970,815,757.04	6.55
Overseas	2,944,480,791.97	13.45
Total	<u>29,915,296,549.01</u>	<u>7.19</u>

(II) Analysis on Assets and Liabilities

1. Assets and liabilities

Item	30 June 2023	Percentage in total assets (%)	31 December 2022	Percentage in total assets (%)	Change in proportion of balance at the end of the current period compared with the same period of the end of the prior	Explanation (See notes below)
					period (%)	
Cash and cash equivalents	18,419,338,817.50	14.56	15,038,954,412.20	13.05	22.48	(1)
Funds for lending	2,072,258,000.00	1.64	30,000,000.00	0.03	6,807.53	(2)
Held-for-trading financial assets	694,245,551.19	0.55	1,031,815,888.77	0.90	-32.72	(3)
Accounts receivable	13,440,361,804.00	10.63	10,092,237,182.40	8.76	33.18	(4)
Financial assets purchased under resale agreements	2,870,000,000.00	2.27	1,390,000,000.00	1.21	106.47	(5)
Contract assets	12,404,980,106.35	9.81	10,685,404,327.66	9.27	16.09	(6)
Construction in process	454,861,013.30	0.36	375,883,613.38	0.33	21.01	(7)
Right-of-use assets	246,993,130.29	0.20	297,189,745.62	0.26	-16.89	(8)
Short-term loans	127,000,000.00	0.10	103,235,027.02	0.09	23.02	(9)
Customer deposits and deposits from banks and other financial institutions	6,145,483,561.94	4.86	4,389,305,510.35	3.81	40.01	(10)
Derivative financial liabilities	20,060,385.90	0.02	2,725,701.24	0.00	635.97	(11)
Other payables	2,279,400,500.96	1.80	1,267,004,545.61	1.10	79.90	(12)

- (1) The cash and cash equivalents increased at the end of the Period, mainly due to the increase in deposits absorbed by DEC Finance.
- (2) The funds for lending increased at the end of the Period, mainly due to the fact that DEC Finance took the opportunity to add new businesses, under the premise of stringent risk control, in order to increase the capital operation income of the Company.
- (3) The held-for-trading financial assets decreased at the end of the Period, mainly due to the fund redemption during the Period.

- (4) The accounts receivable increased at the end of the Period, mainly due to the increase in sales revenue and the subsequent increase in accounts receivable.
- (5) The financial assets purchased under resale agreements increased at the end of the Period, mainly due to the fact that DEC Finance took the opportunity to add new businesses, under the premise of stringent risk control, in order to increase the capital operation income of the Company.
- (6) The contract assets increased at the end of the Period, mainly due to the expansion of scale of sales, resulting in the increase in the contract assets.
- (7) The construction in process increased at the end of the Period, mainly due to the increase in investment in fixed assets during the Period.
- (8) The right-of-use assets decreased at the end of the Period, mainly due to the depreciation of the right-of-use assets provided during the Period.
- (9) The short-term loans increased at the end of the Period, mainly due to the increase in borrowings for business needs of the subsidiary of the Company.
- (10) The customer deposits and deposits from banks and other financial institutions increased at the end of the Period, mainly due to the increase in deposits absorbed by DEC Finance.
- (11) The derivative financial liabilities increased at the end of the Period, mainly due to losses of forward exchange settlement held during the Period.
- (12) The other payables increased at the end of the Period, mainly due to the increase in dividends payable during the Period.

2. *Gearing ratio*

Item	Amount at the end of the Period	Amount at the beginning of the year	Year-on- year increase/ decrease (percentage point)
Gearing ratio (%)	68.53	66.49	2.04

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

The gearing ratio of the Group was 68.53% at the end of the Period, representing an increase of 2.04 percentage points as compared with the beginning of the year. The risk relating to the asset structure of the Company is in a controllable state.

3. *Bank borrowings*

As of 30 June 2023, the Group had financial institution (bank) borrowings of RMB637 million due within one year and financial institution (bank) borrowings of RMB694 million due beyond one year. The Company's borrowings are mainly denominated in RMB. In particular, financial institution (bank) borrowings of RMB977 million were fixed-rate borrowings. The Group has maintained a favorable credit rating with banks and a sound financing capacity.

4. *Cash and cash equivalents*

As at 30 June 2023, the cash and cash equivalents in RMB and US dollars held by the Group accounted for 86.94% and 9.50% of the Group's cash and cash equivalents, respectively.

5. *Exchange risk management*

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

6. *Pledge of assets*

As at 30 June 2023, the Group had pledged bank borrowings of approximately RMB354 million (31 December 2022: RMB368 million), which were related to borrowings from financial institutions secured by franchise rights of the Company. As at 30 June 2023, net franchise rights values amounted to RMB511 million (31 December 2022: RMB506 million). As at the end of the Period, this part of borrowings was not yet due and repayable.

(III) Possible Risks

1. Risk of international operation

The international political and economic situation is currently complicated and the world economy showed a weak recovery, the conflict between Russia and Ukraine continues, the geopolitical situation becomes more risky, the world scientific and technological cooperation environment is deteriorating, which has led to a number of challenges to the Company's international operation and the international influence of the brand needs to be enhanced due to various factors. To address such risk, the Company will continue to strengthen the co-ordination of international markets, improve the layout of the international market, strengthen the overseas marketing capabilities, and strive to make greater breakthroughs in the international market.

2. Price risk

Currently, the price competition in the market is intensifying, especially the new energy and new industries such as wind power industry compete excessively at low prices, the market price continues to fall, and the profit margin of the industry has been squeezed. The Company faces certain challenges and difficulties in the development of strategic emerging industries such as wind power, and its cost control ability needs to be improved. To address such risk, the Company will increase the development of emerging industries such as wind power, scientifically formulate technical innovation strategies, improve market bidding strategies, strengthen product cost control, actively adapt to the new environment of low-price competition, and continuously improve the development quality and scale of strategic emerging industries such as wind power.

3. Accounts receivable risk

Although China's economy is currently showing a sound trend of recovery, the constraints imposed by the lack of domestic demand are obvious, structural problems and cyclical contradictions overlap, and some enterprises are experiencing difficulties in their operations, with more risks and hidden dangers in key areas, and even broken capital chains and difficulties in project financing, which have led to the cancellation, suspension and postponement of projects and the difficulties in recovering the remaining payments. To address such risk, the Company will strengthen the process of tracking, further refine the accounts receivable management ledger, follow up the project collection time in real time, strengthen the assessment incentives, ensure "all accounts receivable collected" and prevent the risk of payment recovery.

(IV) Material Events

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

(V) Prospect for the Second Half of 2023

In the second half of the year, the Company will attach great importance to and take solid actions for achieving the objectives and completing the tasks for the whole year, and, focusing on the building of itself into a world-class equipment manufacturing group, thoroughly implement the "leading strategy"; accelerate the development of strategic emerging industries and continue to promote the adjustment of the industrial structure; and seriously plan for the implementation of actions for reform deepening and enhancement, to further create a new impetus for development, so as to promote the high quality development of the Company with all its efforts.

V. OTHER EVENTS

1. Capital Structure

As of 30 June 2023, the total share capital of the Company amounted to RMB3,118,533,797, divided into 2,778,533,797 A shares with a nominal value of RMB1.00 per share and 340,000,000 H shares with a nominal value of RMB1.00 per share. The capital structure of the Company is as follows:

Class of shares	As at 30 June 2023		As at 30 June 2022	
	Number of shares	% of total number of share capital issued	Number of shares	% of total number of share capital issued
A share	2,778,533,797	89.10%	2,779,001,130	89.10%
H share	340,000,000	10.90%	340,000,000	10.90%
Total	<u>3,118,533,797</u>	<u>100%</u>	<u>3,119,001,130</u>	<u>100%</u>

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

During the Reporting Period, pursuant to the Resolution on the Repurchase and Cancellation of Certain Restricted Shares approved at the Company's 2023 first extraordinary general meeting, 2023 first A Shares class meeting and 2023 first H Shares class meeting on 24 February 2023, the Restricted Shares totalling 274,000 A shares that have been granted to 13 participants yet still locked up were repurchased and cancelled. Please refer to the announcement of the Company dated 8 March 2023 for details.

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

3. Major Acquisition and Disposal of Subsidiaries and Associates

There were no other major acquisition and disposal of subsidiaries and associates during the six months ended 30 June 2023.

4. *Guarantee to External Parties and Performance thereof*

As at 30 June 2023, the Company provided guarantees for Inner Mongolia Energy Power Hongnijing Wind Power Co., Ltd., Inner Mongolia Mengneng Sanshengtai Wind Power Co., Ltd. and Inner Mongolia Mengneng Wulan New Energy Co., Ltd. with its 20% equity interests in each of above three companies amounting to RMB68 million. The guarantees shall be valid from the effective date of the equity pledge agreement until all debts under the financial leasing contract being repaid.

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

At the end of the Reporting Period, the aggregate guarantee of the Company amounted to RMB92.5 million, representing 0.23% of the net assets of the Company.

5. *Material Litigation and Arbitration*

During the six months ended 30 June 2023 and up to the date of this announcement, the Company has not been involved in any material litigation and arbitration. As far as the Directors are aware, the Company does not have any material litigation or claims pending or threatening to the Company.

6. *Employees and Remuneration Policy*

1. *Number of employees*

As of 30 June 2023, the total number of employees of the Company was 17,919.

2. *Remuneration of employees*

As of 30 June 2023, the total amount of remuneration paid to the employees during the Reporting Period was RMB1,257,320,000.

3. *Remuneration policy*

During the Reporting Period, the Company coordinated its efficiency and development, continued to intensify the reform of the salary determination mechanism, improving the rules of “double-linking” of the total salary to the economic efficiency and labor efficiency of the enterprise, and achieving a steady increase in the income level of employees in line with the efficiency of the enterprise. The Company fully promoted the tenure system and contractual management of the management and the assessment and distribution of the second term of the enterprise management team with stricter requirements, higher standards, and higher quality, and strictly implemented the rigid payment of the 2022 annual salary and term incentive income for 2020–2022 of enterprise management team members in accordance with the contract agreement. The Company improved special rewards policies, increased the strength of rewards in strategic emerging industries and key areas, and actively implemented middle-and long-term incentives. The Company continued to promote the performance management of all employees, established the evaluation mechanism of differentiated distribution of enterprise employees’ remuneration, tailored the quantitative standard of differentiated distribution of remuneration for different enterprises, and tilted remuneration distribution to key core talents.

4. Training plan

During the Reporting Period, the Company actively focused on the “11256” development strategy, vigorously promoted talent leadership, prepared and released annual training plans, and established a mechanism for supervision and management of plan implementation according to the needs of talent team building and staff growth needs. With the focus on the implementation of “Six Talent Training Projects”, the Company increased efforts in the training of innovative, applied and skilled talents, orderly promoted ten talent training projects such as scientific and technological innovation talents, internationalization talents, financial management talents, legal and risk control talents, quality management and so on. Together with Tsinghua University, Zhejiang University, Sichuan University, Tianjin University, and other universities, the Company has organized training courses for leading youths in science and technology, training program on corporate business management targeting middle-aged and young management, and training courses for mature and internationalized talents, etc., which effectively enhanced the effectiveness of training and cultivation of various types of talents, and provided a guarantee for the high-quality development of the Company. Each enterprise under the Company constantly enriched training forms, strengthened training base construction, and created high-quality training projects by closely focusing on talent training needs, which promoted the overall improvement of the staff team’s ability and quality.

7. Corporate Governance Code

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

8. Model Code for Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by Directors and supervisors of the Company on the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Having made specific enquiries to all Directors and supervisors, the Company confirms that, for the period ended 30 June 2023, the Directors and supervisors of the Company had complied with the provisions regarding the securities transactions by directors and supervisors as set out in the Model Code.

9. Audit Committee

The Board has set up an audit and review committee comprising three independent non-executive directors, being Mr. Liu Dengqing, Mr. Huang Feng and Mr. Ma Yongqiang. The audit and review committee has reviewed and passed the interim results of the Group for the six months ended 30 June 2023, and agreed with the accounting treatment method adopted by the Company.

10. 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 interim report of the Company for the period ended 30 June 2023, which contains all information as proposed in the Disclosure of Financial Information set out in Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, will be dispatched to shareholders of the Company and published on the above websites in due course.

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

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

Chengdu, Sichuan Province, the PRC
30 August 2023

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

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

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