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 2025

FINANCIAL HIGHLIGHTS

- Total operating revenue of the Company in 2025 amounted to RMB78,615 million (2024: RMB69,695 million), representing an increase of 12.80% year on year;
- Net profit attributable to the Shareholders in 2025 amounted to RMB3,831 million (2024: RMB2,922 million), representing an increase of 31.11% year on year;
- Basic earnings per share of the Company in 2025 were RMB1.15 (2024: RMB0.94);
- New orders of the Company in 2025 were approximately RMB117,251 million (2024: RMB101,142 million), representing an increase of 15.93% year on year;
- The Board has proposed to distribute a cash dividend of RMB5.30 for every 10 shares (tax inclusive) for 2025, subject to Shareholders' approval.

The board of directors (the "**Board**") of Dongfang Electric Corporation Limited (the "**Company**") announces the audited annual results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2025 (the "**Reporting Period**") prepared in accordance with the China Accounting Standards for Business Enterprises.

FINANCIAL INFORMATION

Consolidated Balance Sheet

31 December 2025

Unit: Yuan Currency: RMB

Item	*Notes*	31 December 2025	31 December 2024
Current Assets:			
Cash and cash equivalents		**22,679,594,590.64**	26,855,949,069.93
Clearing provision		**–**	–
Funds for lending		**1,016,528,514.62**	836,529,745.30
Held-for-trading financial assets		**1,832,489,719.73**	1,697,971,178.52
Derivative financial assets		**–**	–
Notes receivable	2	**1,664,057,411.81**	1,224,353,136.23
Accounts receivable	2	**15,193,794,901.36**	12,545,314,264.97
Accounts receivable financing		**2,885,613,858.43**	1,927,567,077.40
Prepayments		**6,892,713,423.33**	5,876,898,026.02
Premiums receivable		**–**	–
Amounts receivable under reinsurance contracts		**–**	–
Reinsurer's share of insurance contract reserves		**–**	–
Other receivables		**381,686,005.06**	546,279,763.42
Including: Interests receivable		**–**	–
Dividend receivable		**4,210,670.09**	23,297,096.99
Financial assets purchased under resale agreements		**3,104,422,602.73**	2,666,820,136.99
Inventories		**26,171,153,034.44**	21,685,296,057.95
Including: Raw materials		**4,134,101,373.46**	3,594,208,110.75
Inventory commodities (finished products)		**955,901,792.62**	660,237,049.36
Contract assets		**17,158,279,769.81**	14,258,321,922.49
Assets as held for sale		**–**	–
Non-current assets due within one year		**547,277,984.79**	2,341,379,530.86
Other current assets		**2,156,070,817.67**	1,317,102,354.65
Total Current Assets		**101,683,682,634.42**	93,779,782,264.73

Item	**31 December 2025**	31 December 2024
Non-current Assets:		
Loans and advances	**6,320,594,750.28**	4,483,911,097.25
Debt investments	**26,277,752,083.33**	19,785,285,247.24
Other debt investments	**–**	–
Long-term receivables	**79,867,096.24**	21,879,106.99
Long-term equity investments	**3,623,462,354.53**	2,924,013,842.93
Other investments in equity instruments	**668,320,905.39**	544,594,360.32
Other non-current financial assets	**–**	–
Investment properties	**227,945,511.81**	144,195,700.70
Fixed assets	**6,465,434,037.71**	5,497,006,728.71
Constructions in process	**1,223,323,209.77**	1,427,333,045.26
Productive biological assets	**–**	–
Oil and gas assets	**–**	–
Right-of-use assets	**462,832,934.96**	554,692,874.36
Intangible assets	**2,010,611,803.27**	1,924,688,544.38
Development expenditure	**1,718,130.51**	5,027,241.19
Goodwill	**–**	–
Long-term deferred expenses	**50,817,013.80**	15,213,914.59
Deferred tax assets	**3,402,890,871.53**	3,320,567,076.73
Other non-current assets	**10,174,941,879.78**	7,581,093,806.49
Total Non-current Assets	**60,990,512,582.91**	48,229,502,587.14
TOTAL ASSETS	**162,674,195,217.33**	142,009,284,851.87

Item	*Notes*	**31 December 2025**	31 December 2024
Current Liabilities:			
Short-term loans		**141,302,980.52**	75,080,000.00
Loans from the central bank		**–**	–
Customer deposits and deposits from banks and other financial institutions		**5,695,108,815.54**	2,260,595,201.96
Taking from banks and other financial institutions		**–**	–
Held-for-trading financial liabilities		**–**	–
Derivative financial liabilities		**–**	–
Notes payable	3	**15,652,241,398.50**	15,635,278,628.07
Accounts payable	3	**28,010,087,988.08**	24,833,045,021.46
Receipts in advance		**–**	–
Contract liabilities		**47,228,255,816.57**	40,665,996,771.34
Financial assets sold under repurchase agreements		**–**	–
Fees and commissions payable		**–**	–
Employee benefits payable		**867,164,786.51**	959,633,957.64
Taxes and charges payable		**875,320,541.33**	782,649,173.71
Including: Taxes payable		**858,221,080.31**	765,687,449.56
Other payables		**1,627,601,940.66**	1,614,378,867.21
Including: Interests payable		**–**	–
Dividend payable		**4,876,982.40**	4,568,944.33
Liabilities as held for sale		**–**	–
Non-current liabilities due within one year		**899,617,517.45**	331,405,083.18
Other current liabilities		**1,326,771,641.90**	1,754,906,399.30
Total Current Liabilities		**102,323,473,427.06**	88,912,969,103.87

Item	**31 December 2025**	31 December 2024
Non-current Liabilities:		
Long-term borrowings	**4,541,776,479.47**	2,167,176,895.80
Bonds payable	**–**	–
Lease liabilities	**373,446,220.12**	415,958,899.80
Long-term payables	**240,000.00**	240,000.00
Long-term accrued payroll	**1,117,977,329.21**	1,003,106,169.47
Estimated liabilities	**5,447,381,154.09**	5,659,335,713.33
Deferred income	**552,581,298.41**	478,399,531.50
Deferred tax liabilities	**149,063,975.25**	229,850,405.47
Other non-current liabilities	**–**	–
Total Non-current Liabilities	**12,182,466,456.55**	9,954,067,615.37
TOTAL LIABILITIES	**114,505,939,883.61**	98,867,036,719.24
Owners' Equity (or Shareholders' Equity):		
Paid-up capital (or share capital)	**3,458,360,326.00**	3,117,499,457.00
State-owned capital	**1,776,676,194.00**	1,739,215,126.00
Including: State-owned legal person capital	**1,776,676,194.00**	1,739,215,126.00
Collective capital	**–**	–
Private capital	**1,273,684,132.00**	1,038,284,331.00
Including: Personal capital	**1,273,684,132.00**	1,038,284,331.00
Foreign capital	**408,000,000.00**	340,000,000.00
Less: Investment returned	**–**	–
Net paid-in capital (or share capital)	**3,458,360,326.00**	3,117,499,457.00
Other equity instruments	**–**	–
Including: Preferred stock	**–**	–
Perpetual capital securities	**–**	–

Item	**31 December 2025**	31 December 2024
Capital reserves	**15,125,358,937.25**	11,559,826,521.38
Less: Treasury shares	**–**	648,882.29
Other comprehensive income	**-57,902,211.11**	-120,082,230.27
Including: Foreign currency translation differences	**-57,889,752.22**	-34,982,948.19
Special reserve	**128,261,532.94**	124,193,157.76
Surplus reserves	**1,568,081,202.33**	1,424,889,201.23
Including: Statutory reserves	**1,568,081,202.33**	1,424,889,201.23
Discretionary reserve	**–**	–
Reserve funds	**–**	–
Enterprise development fund	**–**	–
Profit return for investment	**–**	–
General risk reserves	**–**	–
Retained profits	**25,012,399,151.70**	22,690,605,142.05
Total owners' equity attributable to equity holders of the parent company	**45,234,558,939.11**	38,796,282,366.86
Non-controlling interests	**2,933,696,394.61**	4,345,965,765.77
Total owners' equity	**48,168,255,333.72**	43,142,248,132.63
TOTAL LIABILITIES AND OWNERS' EQUITY	**162,674,195,217.33**	142,009,284,851.87

Consolidated Income Statement
January to December 2025

Unit: Yuan   Currency: RMB

Item	Notes	2025	2024
I. Total revenue	4	**78,615,277,439.83**	69,695,135,723.47
Including: Operating revenue		**77,582,624,563.59**	68,592,735,741.35
Including: Revenue from principal businesses		**77,132,024,438.95**	68,340,633,956.90
Revenue from other businesses		**450,600,124.64**	252,101,784.45
Interest income		**1,032,429,598.45**	1,102,098,612.61
Premium earned		**–**	–
Fee and commission income		**223,277.79**	301,369.51
II. Total operating costs		**73,712,575,198.59**	66,679,757,795.87
Including: Operating costs		**65,215,256,838.90**	58,876,109,012.73
Including: Costs for principal businesses	4	**65,098,595,514.02**	58,830,102,963.02
Costs for other businesses	4	**116,661,324.88**	46,006,049.71
Interest expenses	4	**23,763,627.20**	24,698,284.75
Fee and commission expenses	4	**2,148,216.65**	1,448,745.83
Surrenders		**–**	–
Net amount of compensation payout		**–**	–
Net provision for insurance contract reserve		**–**	–
Insurance policyholder dividends		**–**	–
Expenses for reinsurance accepted		**–**	–
Tax and levies		**463,087,180.84**	378,526,114.98
Sales expenses		**847,668,020.81**	822,360,688.77
Administrative expenses		**3,781,800,254.95**	3,523,054,191.25
Research and development (“R&D”) expenditure		**3,261,156,190.40**	3,009,012,872.14
Financial expenses		**117,694,868.84**	44,547,885.42
Including: Interest expenses		**61,582,139.16**	82,971,078.48
Interest income (expressed with positive value)		**108,208,159.60**	132,705,664.58
Net exchange loss (net income is indicated by “-”)		**25,210,462.85**	5,925,300.49

Item	Note	2025	2024
Add: Other gains		**818,531,747.63**	769,921,637.52
Investment income (loss is indicated by "-")		**867,118,249.46**	1,577,063,838.88
Including: Income from investments in associates and joint ventures		**169,002,789.77**	186,935,311.74
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 "-")		**84,520,941.21**	-204,160,425.88
Credit impairment loss (loss is indicated by "-")		**-555,208,784.60**	-146,035,139.19
Impairment loss of assets (loss is indicated by "-")		**-1,341,551,009.39**	-1,148,012,197.65
Gains from disposal of assets (loss is indicated by "-")		**5,945,079.55**	16,452,695.37
Foreign exchange gains (loss is indicated by "-")		**-3,790,000.42**	6,844,738.21
III. Operating profit (loss is indicated by "-")		**4,778,268,464.68**	3,887,453,074.86
Add: Non-operating income		**86,182,302.64**	49,505,127.67
Government subsidy		**196,305.51**	2,159,900.00
Less: Non-operating expenses		**79,315,447.08**	52,714,456.87
IV. Total profit (total loss is indicated by "-")		**4,785,135,320.24**	3,884,243,745.66
Less: Income tax expenses	5	**819,157,357.06**	596,717,889.35
V. Net profit (net loss is indicated by "-")		**3,965,977,963.18**	3,287,525,856.31
Net profits attributable to owners of the parent company		**3,831,301,222.13**	2,922,100,908.48
Profit or loss attributable to non-controlling interests		**134,676,741.05**	365,424,947.83
Profit or loss from continuing operations		**3,965,977,963.18**	3,287,525,856.31
Profit or loss from discontinued operations		**–**	–

Item	2025	2024
VI. Other comprehensive income ("OCI") (net of tax)	**53,640,447.17**	11,603,588.82
OCI attributable to owners of the parent company (net of tax)	**62,180,019.16**	9,871,953.45
(I) OCI that will not be reclassified to profit or loss subsequently	**86,474,864.14**	6,879,841.41
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	**86,474,864.14**	6,879,841.41
4. Other	**–**	–

Item	*Notes*	**2025**	2024
(II) OCI that will be reclassified to profit and loss subsequently		**-24,294,844.98**	2,992,112.04
Including: 1. OCI by equity method that will be reclassified to profit or loss		**-40,298.07**	341,649.17
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		**-1,347,742.88**	1,347,742.87
5. Effective portion of gain or loss arising from cash flow hedging instruments		**–**	–
6. Exchange differences from translation of financial statements		**-22,906,804.03**	1,302,720.00
7. Others		**–**	–
OCI attributable to non-controlling interests (net of tax)		**-8,539,571.99**	1,731,635.37
VII. Consolidated income		**4,019,618,410.35**	3,299,129,445.13
Consolidated income attributable to owners of the parent company		**3,893,481,241.29**	2,931,972,861.93
Consolidated income attributable to non-controlling interests		**126,137,169.06**	367,156,583.20
VIII. Earnings per share:			
Basic earnings per share	6	**1.15**	0.94
Diluted earnings per share	6	**1.15**	0.94

NOTES TO THE FINANCIAL INFORMATION

For the year ended 31 December 2025

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 Major Accounting Estimates

Upon consideration and approval at the fifth meeting of the eleventh session of the Board, the fourth meeting of the eleventh session of the Supervisory Committee and the Audit and Risk Management Committee of the Board of the Company, and as disclosed in the announcement titled "Change in Accounting Estimates" published by the Company on 18 December 2024, the Company reviewed the method and ratio for accruing product quality assurance expenses in respect of complete wind turbine sets. Having analysed the actual circumstances and historical data of product quality assurance expenses for wind turbines, and taken into account factors including the increasing maturity of wind turbine technologies, the transition of technical routes and improved stability, and the differences between offshore and onshore wind turbine products, with a view to more objectively and fairly reflecting the wind power business and providing more reliable accounting information, with effect from 1 January 2025, the ratio for accruing quality assurance expenses in respect of complete wind turbine sets has been changed from the original "accrual at 6% of product sales revenue for complete wind turbine sets" to: accrual at 6% of product sales revenue for complete offshore wind turbine sets, accrual at 4% of product sales revenue for complete onshore wind turbine sets, and separate accrual for unforeseeable and incidental quality expenses. This change in accounting estimate has been applied with effect from 1 January 2025, resulting in a decrease of RMB167 million in operating costs and a decrease of RMB167 million in estimated liabilities at the end of the year for the full year.

2 NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

Unit: Yuan Currency: RMB

Item	**31 December 2025**	31 December 2024
Notes receivable	**1,664,057,411.81**	1,224,353,136.23
Accounts receivable	**19,168,891,258.15**	16,166,979,507.28
Less: Provision for bad debts	**3,975,096,356.79**	3,621,665,242.31
Net accounts receivable *(note 2a)*	**15,193,794,901.36**	12,545,314,264.97
Net notes and accounts receivable	**16,857,852,313.17**	13,769,667,401.20

(2a) Ageing analysis of accounts receivable

Unit: Yuan Currency: RMB

Ageing	**31 December 2025**	31 December 2024
Within 1 year	**11,180,787,048.80**	9,166,698,541.03
1–2 years	**3,183,756,121.65**	2,912,482,204.67
2–3 years	**1,462,207,374.07**	1,573,780,667.10
3–4 years	**1,395,603,521.61**	709,985,357.44
4–5 years	**631,251,693.86**	454,092,052.84
Over 5 years	**1,315,285,498.16**	1,349,940,684.20
Subtotal	**19,168,891,258.15**	16,166,979,507.28
Less: Provision for bad debts	**3,975,096,356.79**	3,621,665,242.31
Total	**15,193,794,901.36**	12,545,314,264.97

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 2025	31 December 2024
Notes payable	**15,652,241,398.50**	15,635,278,628.07
Accounts payable	**28,010,087,988.08**	24,833,045,021.46
Total	**43,662,329,386.58**	40,468,323,649.53

Ageing analysis of accounts payable	31 December 2025	31 December 2024
Within 1 year (inclusive 1 year)	**23,671,065,101.26**	21,233,568,378.41
1–2 years (inclusive 2 years)	**1,798,349,026.57**	1,598,639,709.95
2–3 years (inclusive 3 years)	**995,828,888.58**	897,115,396.62
Over 3 years	**1,544,844,971.67**	1,103,721,536.48
Total	**28,010,087,988.08**	24,833,045,021.46

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	**77,132,024,438.95**	**65,098,595,514.02**	68,340,633,956.90	58,830,102,963.02
2.	Other operations	**450,600,124.64**	**116,661,324.88**	252,101,784.45	46,006,049.71
3.	Interest income	**1,032,429,598.45**	**23,763,627.20**	1,102,098,612.61	24,698,284.75
4.	Fee and commission income	**223,277.79**	**2,148,216.65**	301,369.51	1,448,745.83
Total		**78,615,277,439.83**	**65,241,168,682.75**	69,695,135,723.47	58,902,256,043.31

5 INCOME TAX EXPENSE

Unit: Yuan Currency: RMB

Item	Amount for current year	Amount for last year
Income tax expense for current period	**966,629,284.39**	639,680,886.92
Including: China	**953,580,879.92**	620,922,190.18
India	**5,616,185.36**	6,531,767.92
Other regions	**7,432,219.11**	12,226,928.82
Deferred income tax expense	**-147,471,927.33**	-42,962,997.57
Total	**819,157,357.06**	596,717,889.35

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	**3,831,301,222.13**	2,922,100,908.48
Weighted average number of outstanding ordinary shares of the Company *note 1*	**3,339,140,775.25**	3,118,189,017.00
Basic earnings per share *note 2* *(RMB/share)*	**1.15**	0.94
Including: Basic earnings per share from continuing operations *(RMB/share)*	**1.15**	0.94

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

= 3,339,140,775.25

(2) Basic earnings per share

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

= RMB3,831,301,222.13/3,339,140,775.25 shares = 1.15 *(RMB/Share)*

7 DIVIDENDS

The Board proposed the payment of a cash dividend of RMB5.30 for every 10 shares (tax inclusive) for the year 2025 (2024: cash dividend of RMB4.38 for every 10 shares (tax inclusive)) to all shareholders of the Company ("**Shareholder(s)**") 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 3,458,360,326 shares as at the Board meeting held on 31 March 2026, the total cash dividend distribution is estimated to be RMB1,832,930,972.78. 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 maintain the cash dividend per share at a fixed level and calculate the total cash dividend payable based on the latest total share capital at the time of implementation. The proposal is subject to approval at the annual general meeting for 2025. If approved, the final dividend for 2025 is expected to be distributed to Shareholders by 31 August 2026. The Company will make a separate announcement for details of the closure of register of members and the date of dividend distribution in due course.

MANAGEMENT DISCUSSION AND ANALYSIS

I. Discussion and Analysis of Operations

In 2025, the Company continued to enhance its core functions and improve its core competitiveness, focused on playing the "three roles" of technology innovation, industry control and safety support, and strived to be the "three pioneers". In 2025, the Company achieved total operating income of RMB78.615 billion, representing an increase of 12.80% year on year; total profit of RMB4.785 billion, representing an increase of 23.19% year on year; net profit attributable to owners of the parent company of RMB3.831 billion, representing an increase of 31.11% year on year. As at the end of 2025, the Company's orders on hand amounted to RMB140.31 billion.

(1) Active contribution to national strategies

Focusing on major national projects, the Company actively promoted the development of high-head, high-sediment and large-capacity impulse hydropower units. The world's first plateau hydropower unit R&D and production base was completed and put into operation in Nyingchi, Tibet. Acceptance and delivery of key components such as hydraulic development and water distribution ring pipes for the Zhala 500 MW impulse hydropower unit were completed. Focusing on national strategic tasks, the Company steadily advanced various tasks under major national science and technology projects, the modern industrial chain chain-leader initiative and the power equipment innovation consortium. The construction of the original technology source site passed the mid-term evaluation. The Company actively participated in the high-quality joint construction of the "Belt and Road", with newly effective contracts in the international market exceeding RMB14 billion. Overseas orders for million-kilowatt nuclear power units, 50 MW heavy-duty gas turbines and pumped storage units achieved a breakthrough from zero. The Clean Energy and Sustainable Development Summit Forum was successfully held in Uzbekistan. The Company supported the comprehensive revitalization of rural areas by conducting targeted assistance to Zhaojue in Sichuan and Jixian in Shanxi, and was rated "Excellent", the highest grade in the performance evaluation of targeted assistance by central authorities for five consecutive years.

(2) Improved quality and efficiency in industrial development

In 2025, the Company's newly effective orders reached RMB117.251 billion, representing a year-on-year increase of 15.93%, of which energy equipment manufacturing accounted for 67.33%, manufacturing services 22.15% and emerging industries 10.52%. The Company continued to consolidate its advantages in traditional industries, maintaining the industry's top market share in nuclear power and gas power. A new generation of coal-fired power technology solutions was launched, and a breakthrough was achieved in the market for ultra-supercritical "W" flame boilers. The market share of hydropower increased year on year, with breakthroughs made in high-altitude, wide-load and variable-speed pumped storage sectors. The Company ranked sixth in the domestic wind power market share. Wind power equipment manufacturing bases in Ruoqiang and Bulungjin in Xinjiang were put into production. The integrated demonstration project for hydrogen production and refueling in Xizang was commissioned. An application and development model of the "hydrogen-oxygen-electric-heat" multi-cogeneration system was launched, and the application of "cultural tourism inns" in plateau areas was explored and promoted. Hydrogen energy buses delivered by the Company provided venue services for the 12th World Games, and orders were obtained for cold chain logistics vehicles under the Beijing "Open Competition Mechanism" project. The comprehensive platform for in-situ hydrogen production coupled with floating wind power without seawater desalination passed certification by China Classification Society. High-end canned pumps were exported to Europe for the first time. A breakthrough from zero was achieved in orders for independent excitation systems and large-capacity SFC in pumped storage projects.

(3) Notable achievements in scientific and technological innovation

The Company attached great importance to R&D investment, with R&D expenditure reaching RMB3.881 billion in 2025. Focusing on breakthroughs in key core technologies, the world's first commercial supercritical carbon dioxide power generation unit was successfully put into commercial operation. The world's first 700 MW ultra-supercritical circulating fluidized bed boiler was selected as one of the "Top Ten Super Projects of Central Enterprises in 2025". Unit 2 of the "Guohe No. 1" demonstration project was put into commercial operation. Core main equipment such as the main helium fan and steam generator for the world's first 600 MW commercial high-temperature gas-cooled reactor demonstration project were developed and delivered. The 26 MW semi-direct drive offshore wind turbine was connected to the grid for power generation. The 17 MW direct-drive floating offshore wind turbine rolled off the production line. The 15 MW heavy-duty gas turbine achieved full-load operation and is capable of pure hydrogen combustion. The self-developed grid-forming PCS energy storage converter realized its first set application. Breakthroughs were made in the research on key technologies of biomass fluidized bed gasification. Seven pieces of equipment independently researched and developed or jointly researched by the Company were included in the fifth batch of major technical equipment lists in the energy sector (first set of its kind) by the National Energy Administration. The Company continued to deepen collaborative innovation by establishing a joint innovation institute with Tsinghua University and signing strategic cooperation agreements with Laoshan National Laboratory and other institutions. It innovated the "joint R&D + scenario-driven" cooperation model with China General Technology (Group) Holding Co., Ltd., realizing the successful roll-off of the first batch of four high-end five-axis linkage CNC machine tools. Platform construction advanced steadily. A branch of the State Key Laboratory of Strong Electromagnetic Technology for Energy and Power Equipment Technology was established. Four Sichuan provincial key laboratories, including those for clean and low-carbon thermal conversion and utilization of energy, were restructured. The Company took the lead in establishing the Sichuan Provincial Energy Equipment Digital and Intelligent Technology Innovation Center. The megawatt-scale chemical looping combustion pilot platform and the hydrogen industry technology pilot platform were selected into the first batch of key cultivation lists by the Ministry of Industry and Information Technology. DEC Hydrogen was selected into the first batch of key focus lists of national science and technology leading enterprises and the Ministry of Industry and Information Technology's "leading enterprises" in future energy. The Company won 15 provincial and ministerial-level science and technology awards throughout the year.

(4) Continuous improvement in management standards

In 2025, the Company piloted the digital and intelligent construction of industry-finance integration, realizing financial data penetration centered on the full life cycle management and control of project costs, exploring a new path for the deep integration of intelligent manufacturing and financial management. A "full-staff, full-level, full-caliber" salary execution information system was built, realizing penetrating and precise supervision of salaries. A special action on lean management "strengthening foundation, upgrading and setting benchmarks" was carried out, extending lean management to non-manufacturing enterprises. The Company further promoted "intelligent transformation and digital transformation", launching "Dongfang Zhiyuan", a vertical large model for the energy equipment industry. One additional enterprise reached level four in intelligent manufacturing maturity, and more than 10 artificial intelligence pilot scenarios were initially built. The Company paid close attention to quality management, in-depth carrying out the "Quality Miles Tour" activity, organizing large-scale investigation and rectification of potential quality hazards, and innovatively carrying out special quality audits. The green transformation of production and manufacturing was promoted. The Company was rated "Excellent" in the 2024 annual green development evaluation by the State-owned Assets Supervision and Administration Commission of the State Council, and four affiliated enterprises were rated national-level green factories. The Company fulfilled its responsibilities for production safety and environmental protection, with no serious or above production safety liability accidents or unexpected environmental incidents occurring throughout the year.

(5) Further advancement of deepened reforms

The Company continuously improved its corporate governance system, dynamically optimized the systems for "Three Importance and One Significance" matters and "powers and responsibilities of parent and subsidiary companies", and fully completed the revision of articles of association and the reform of supervisory committees for all levels of domestic enterprises. Internal reform pilots were carried out, with breakthroughs achieved in the reform of internal market-oriented operation mechanism and the industrialization of scientific and technological achievements. The special reform projects of "Science and Technology Reform Action" and "Double-Hundred Action" were refined and deepened, with a number of subsidiaries rated as benchmarks of "Science and Technology Reform Enterprises" and "Double-Hundred Enterprises" by the State-owned Assets Supervision and Administration Commission of the State Council. The enterprise management chain was streamlined, and the legal person hierarchy of the Company was compressed.

(6) Effective risk prevention and control

The Company built a full-level "four-in-one" smart rule of law platform, realizing penetrating supervision in legal risk prevention and control. High-quality completion of the pilot task of building a world-class rule of law enterprise was achieved. The special work of "promoting management through cases, improving quality and efficiency" was steadily advanced, realizing the full clearance of major historical legacy cases. A risk hidden danger management and control mechanism was established, promoting the upgrading of risk management to precision, scientization and quantification. The Company strengthened the tackling of risk disposal for key projects, with no major risk incidents occurring throughout the year.

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	**78,615,277,439.83**	69,695,135,723.47	12.80
Operating costs	**65,215,256,838.90**	58,876,109,012.73	10.77
Sales expenses	**847,668,020.81**	822,360,688.77	3.08
Administrative expenses	**3,781,800,254.95**	3,523,054,191.25	7.34
Finance costs	**117,694,868.84**	44,547,885.42	164.20
R&D expenditure	**3,261,156,190.40**	3,009,012,872.14	8.38
Investment income	**867,118,249.46**	1,577,063,838.88	-45.02
Gains from changes in fair Values (Loss is indicated by "-")	**84,520,941.21**	-204,160,425.88	N/A
Credit impairment loss (Loss is indicated by "-")	**-555,208,784.60**	-146,035,139.19	N/A
Impairment loss of assets (Loss is indicated by "-")	**-1,341,551,009.39**	-1,148,012,197.65	N/A
Gains from disposal of assets (Loss is indicated by "-")	**5,945,079.55**	16,452,695.37	-63.87
Net cash flows from operating activities	**2,014,320,912.85**	10,059,491,408.32	-79.98
Net cash flows generated from investing activities	**-10,587,324,054.32**	-2,773,695,813.82	N/A
Net cash flows generated from financing activities	**5,101,688,322.57**	1,088,764,448.85	368.58

Reasons for change in total operating revenue: The total operating revenue for the year increased by 12.80% year on year, mainly due to the increase in revenue of product segments including coal-fired power, wind power, and hydropower.

Reasons for change in operating costs: The operating costs for the year increased by 10.77% year on year, mainly due to the corresponding increase as a result of the increase in sales volume.

Reasons for change in finance costs: The finance costs for the year increased by RMB73 million year on year, mainly due to the increase in net exchange losses and handling fees.

Reasons for change in net cash flow from operating activities: Mainly due to the year-on-year increase in outflow of procurement payments.

Reasons for change in net cash flow from investment activities: Mainly due to the increase in net outflow from financial business investments of finance company.

Reasons for change in net cash flow from financing activities: Mainly due to the proceeds received from share issuance and the increase in borrowings obtained during the year.

Reasons for change in investment income: The investment income for the year decreased by 45.02% year on year, mainly due to the year-on-year decrease in investment income generated from the disposal of equity interests in subsidiaries.

Reasons for change in gains from changes in fair value: The gains from changes in fair value for the year increased by RMB289 million year on year, mainly due to the rise in the share price of shares held during the year.

Reasons for change in credit impairment loss: The credit impairment loss for the year decreased profit by RMB409 million year on year, mainly due to the increase in impairment loss on receivables provided for on an ageing group basis, which was primarily driven by the growth in the balance of receivables and the roll-forward of receivables ageing.

Reasons for change in asset impairment loss: The asset impairment loss for the year decreased profit by RMB194 million year on year, mainly due to the increase in impairment loss on contract assets provided for on an ageing group basis, which was primarily driven by the growth in the balance of contract assets and the roll-forward of contract assets ageing.

Reasons for change in gains on disposal of assets: Gains on disposal of assets for the year decreased by 63.87% year on year, mainly due to the decrease in disposal of assets.

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	7,861,527.74	6,524,116.87	17.01	12.80	10.76	1.52

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 (%)
Energy equipment manufacturing	5,800,544.42	4,989,711.73	13.98	22.00	17.94	2.96
Manufacturing services	1,290,106.91	878,787.59	31.88	-16.79	-19.24	2.07
Emerging industries	770,876.41	655,617.55	14.95	16.03	14.75	0.95

Major operations by region

Region	Operating revenue	Operating costs	Gross profit margin (%)	Year-on-year increase/decrease in operating revenue (%)	Year-on-year increase/decrease in operating costs (%)	Year-on-year increase/decrease in gross profit margin (%)
Domestic	7,347,606.99	6,075,159.57	17.32	14.58	12.56	1.49
Overseas	513,920.75	448,957.30	12.64	-7.71	-8.89	1.12

Major operations by sales model

Sales model	Operating revenue	Operating costs	Gross profit margin (%)	Year-on-year increase/decrease in operating revenue (%)	Year-on-year increase/decrease in operating costs (%)	Year-on-year increase/decrease in gross profit margin (%)
Customized sales	7,861,527.74	6,524,116.87	17.01	12.80	10.76	1.52

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

Energy equipment manufacturing mainly includes: coal-fired power, hydropower, nuclear power, gas power, wind power, etc. Except for gas power, revenue of other major products recorded a year-on-year increase during the year.

Manufacturing services mainly includes: power station services, integrated energy, other manufacturing services, etc. For the year, revenue from power station services and integrated energy business decreased year-on-year, while revenue from other manufacturing services recorded a slight year-on-year increase.

Emerging industries mainly includes: energy storage and hydrogen energy, industrial drive, energy conservation and environmental protection, power electronics and control, solar energy, etc. Except for a slight year-on-year decrease in revenue in energy conservation and environmental protection, revenue of other major products recorded a year-on-year increase during the year.

(2) Capacity and sales analysis table for major power generation equipment

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	8,056.6	4,230	5,181.6	111.96	-26.64	282.4
Wind power units	MW	14,026.1	12,656.6	3,332.7	39.81	41	69.76
Steam turbine generators	MW	57,852	51,089	29,420	30.72	27.55	29.85
Power station steam turbines	MW	48,330	49,069	14,202	25.28	102.38	-11.66
Power station boilers	MW	28,930	28,930	0	15.42	15.42	

Description of capacity and sales volume

The calculation of the Company's production volume of major power generation equipment 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 production volume and inventory volume of hydro-generating units increased year on year, mainly due to the increased manufacture of hydropower equipment compared with 2024, leading to a rise in inventory.

(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)	**5,508,832.14**	84.44	4,904,511.23	83.27	12.32	
Power generation equipment manufacturing	Labour costs	**183,574.86**	2.81	183,860.79	3.12	-0.16	
Power generation equipment manufacturing	Other costs	**831,709.87**	12.75	801,853.59	13.61	3.72	

By product

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
Energy equipment manufacturing	Raw material costs (procurement cost)	**4,293,450.44**	65.81	3,636,122.37	61.73	18.08	
Energy equipment manufacturing	Labour costs	**148,325.11**	2.27	148,406.71	2.52	-0.05	
Energy equipment manufacturing	Other costs	**547,936.18**	8.40	455,441.23	7.73	20.31	
Manufacturing services	Raw material costs (procurement cost)	**650,663.73**	9.97	786,403.17	13.35	-17.26	
Manufacturing services	Labour costs	**20,909.93**	0.32	21,175.42	0.36	-1.25	
Manufacturing services	Other costs	**206,692.65**	3.17	271,327.08	4.61	-23.82	
Emerging industries	Raw material costs (procurement cost)	**564,717.97**	8.66	481,985.69	8.18	17.16	
Emerging industries	Labour costs	**14,339.82**	0.22	14,278.66	0.24	0.43	
Emerging industries	Other costs	**77,081.03**	1.18	75,085.28	1.27	2.66	

Other explanations on cost composition

None

(4) *Major sales customers and major suppliers*

The Company's sales to its top five customers amounted to RMB21,970.0360 million, accounting for 27.95% 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 RMB11,525.5519 million, accounting for 17.66% of the total procurement for the year, among which, the procurement from related parties was RMB465.0320 million, representing 7.12% of the total procurement for the year.

3. Expenses

Unit: Yuan Currency: RMB

Item	Amount for current year	Amount for last year	Change (%)
Selling expenses	**847,668,020.81**	822,360,688.77	3.08
Administrative expenses	**3,781,800,254.95**	3,523,054,191.25	7.34
R&D expenditure	**3,261,156,190.40**	3,009,012,872.14	8.38
Finance costs	**117,694,868.84**	44,547,885.42	164.20
Income tax expenses	**819,157,357.06**	596,717,889.35	37.28

4. R&D Expenditure

(1) Breakdowns of R&D Expenditure

Unit: Yuan Currency: RMB

Expensed R&D expenditure for the period	**3,410,603,828.68**
Capitalized R&D expenditure for the period	**470,715,150.37**
Total R&D expenditure	**3,881,318,979.05**
Percentage of total R&D expenditure over revenue *(%)*	**4.94**
Percentage of R&D expenditure capitalization *(%)*	**12.13**

5. Cash Flows

Unit: Yuan Currency: RMB

Item	**Amount for current year**	Amount for last year	Change (%)
△ Net increase in customer deposits and interbank deposits	**712,966,507.45**	1,805,594,490.68	-60.51
△ Net increase in borrowings from other financial institutions	**-149,784,849.85**	-795,801,113.09	N/A
△ Net increase in funds from repurchase business	**-598,665,626.10**		N/A
Tax refund received	**340,943,741.53**	24,819,326.87	1,273.70
Other cash received from operating activities	**6,561,912,668.06**	4,960,367,306.20	32.29
Cash paid for purchase of goods and receipt of services	**78,710,675,811.83**	56,209,490,945.61	40.03
△ Net increase in loans and advances to customers	**-4,251,524,251.34**	-1,791,652,622.96	N/A
△ Net increase in central bank and interbank payments	**216,553,982.36**	515,329,667.61	-57.98
△ Cash paid for interest, surcharges and commission fee	**1,947,810.80**	1,300,888.47	49.73
Payments of taxes and surcharges	**3,477,346,646.88**	2,777,690,323.72	25.19
Other cash paid relating to operating activities	**7,172,171,758.17**	6,427,915,828.49	11.58
Cash received from return on investments	**25,155,704,810.83**	35,262,270,217.80	-28.66
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	**808,221.78**	1,147,462.33	-29.56
Net cash received from disposal of subsidiaries and other business units	**–**	492,572,075.62	N/A
Other cash received relating to investing activities	**19,078,348.00**		N/A
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	**4,284,346,671.11**	2,999,116,867.65	42.85
Other cash paid relating to investing activities	**153,514,593.95**	7,000.00	N/A
Cash received from investment activities	**5,236,179,223.16**	110,017,500.00	4,659.41
Cash received from borrowings obtained	**5,569,616,084.31**	2,511,723,871.40	121.74
Other cash received from financing activities	**–**	593,536,697.59	N/A
Cash paid for debt repayment	**1,085,686,524.94**	316,217,093.56	243.34
Other cash paid relating to financial activities	**2,770,858,928.80**	155,123,272.48	1,686.23

(II) Analysis of Assets and Liabilities

1. The status of assets and liabilities

Unit: Yuan Currency: RMB

Item	Amount at the end of the period	Percentage of the amount at the end of the period in total assets (%)	Amount at the end of the previous period	Percentage of the amount at the end of the previous period in total assets (%)	Year-on-year change (%)	Explanation
△Funds for lending	1,016,528,514.62	0.62	836,529,745.30	0.59	21.52	See other explanations
Notes receivable	1,664,057,411.81	1.02	1,224,353,136.23	0.86	35.91	See other explanations
Accounts receivable	15,193,794,901.36	9.34	12,545,314,264.97	8.83	21.11	See other explanations
Receivables financing	2,885,613,858.43	1.77	1,927,567,077.40	1.36	49.70	See other explanations
Other receivables	381,686,005.06	0.23	546,279,763.42	0.38	-30.13	See other explanations
Inventories	26,171,153,034.44	16.09	21,685,296,057.95	15.27	20.69	See other explanations
Contract assets	17,158,279,769.81	10.55	14,258,321,922.49	10.04	20.34	See other explanations
Non-current assets due within one year	547,277,984.79	0.34	2,341,379,530.86	1.65	-76.63	See other explanations
Other current assets	2,156,070,817.67	1.33	1,317,102,354.65	0.93	63.70	See other explanations
△Loans and advances	6,320,594,750.28	3.89	4,483,911,097.25	3.16	40.96	See other explanations
Debt investments	26,277,752,083.33	16.15	19,785,285,247.24	13.93	32.81	See other explanations
Long-term receivables	79,867,096.24	0.05	21,879,106.99	0.02	265.04	See other explanations
Long-term equity investments	3,623,462,354.53	2.23	2,924,013,842.93	2.06	23.92	See other explanations
Other equity instrument investments	668,320,905.39	0.41	544,594,360.32	0.38	22.72	See other explanations
Investment properties	227,945,511.81	0.14	144,195,700.70	0.10	58.08	See other explanations
Development expenditure	1,718,130.51	0.00	5,027,241.19	0.00	-65.82	See other explanations
Long-term deferred expenditures	50,817,013.80	0.03	15,213,914.59	0.01	234.02	See other explanations

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
Other non-current assets	10,174,941,879.78	6.25	7,581,093,806.49	5.34	34.21	See other explanations
Short-term borrowings	141,302,980.52	0.09	75,080,000.00	0.05	88.20	See other explanations
△ Customer deposits and deposits from banks and other financial institutions	5,695,108,815.54	3.50	2,260,595,201.96	1.59	151.93	See other explanations
Non-current liabilities due within one year	899,617,517.45	0.55	331,405,083.18	0.23	171.46	See other explanations
Other current liabilities	1,326,771,641.90	0.82	1,754,906,399.30	1.24	-24.40	See other explanations
Long-term borrowings	4,541,776,479.47	2.79	2,167,176,895.80	1.53	109.57	See other explanations
Deferred income tax liabilities	149,063,975.25	0.09	229,850,405.47	0.16	-35.15	See other explanations

Other explanations:

(1) Reasons for change in funds for lending: the funds for lending at the end of the year increased by 21.52% as compared with the beginning of the year, mainly due to the increase in the funds for lending business of finance company.

(2) Reasons for change in notes receivable: the notes receivable at the end of the year increased by 35.91% as compared with the beginning of the year, mainly due to the growth in revenue scale.

(3) Reasons for change in accounts receivable: the accounts receivable at the end of the year increased by 21.11% as compared with the beginning of the year, mainly due to the growth in revenue scale.

(4) Reasons for change in receivables financing: the receivables financing at the end of the year increased by 49.70% as compared with the beginning of the year, mainly due to the increase in Banker's acceptance bills receivables.

(5) Reasons for change in other receivables: the other receivables at the end of the year decreased by 30.13% as compared with the beginning of the year, mainly due to the decrease in the balance of guarantee deposits.

(6) Reasons for change in inventories: the inventories at the end of the year increased by 20.69% as compared with the beginning of the year, mainly due to the increase in the balance of goods in progress.

(7) Reasons for change in contract assets: the contract assets at the end of the year increased by 20.34% as compared with the beginning of the year, mainly due to the increase in outstanding warranty retention monies.

(8) Reasons for change in non-current assets due within one year: the non-current assets due within one year at the end of the year decreased by 76.63% as compared with the beginning of the year, mainly due to the maturity and recovery of buyer credits due within one year of finance company.

(9) Reasons for change in other current assets: the other current assets at the end of the year increased by 63.70% as compared with the beginning of the year, mainly due to the increase in short-term loans of finance company.

(10) △Reasons for change in loans and advances: the loans and advances at the end of the year increased by 40.96% as compared with the beginning of the year, mainly due to the growth in the scale of buyer credits of finance company.

(11) Reasons for change in debt investments: the debt investments at the end of the year increased by 32.81% as compared with the beginning of the year, mainly due to the increase in the balance of interbank deposit certificate business of finance company.

(12) Reasons for change in long-term receivables: the long-term receivables at the end of the year increased by 265.04% as compared with the beginning of the year, mainly due to the increase in instalment sales of goods during the year.

(13) Reasons for change in long-term equity investments: the long-term equity investments at the end of the year increased by 23.92% as compared with the beginning of the year, mainly due to the addition of associates such as Changji Wanxin Wind Power Co., Ltd.* (昌吉皖新風力發電有限公司) during the year.

(14) Reasons for change in other equity instrument investments: the other equity instrument investments at the end of the year increased by 22.72% as compared with the beginning of the year, mainly due to the increase in the market value of the shares of China Southern Power Grid Energy Storage Co., Ltd. * (南方電網儲能股份有限公司) held by the Company during the year.

(15) Reasons for change in investment properties: the investment properties at the end of the year increased by 58.08% as compared with the beginning of the year, mainly due to the increase in property leasing during the year.

* *For identification propose only*

(16) Reasons for change in development expenditure: the development expenditure at the end of the year decreased by 65.82% as compared with the beginning of the year, mainly due to the transfer of part of the capitalised development expenditure to intangible assets during the year.

(17) Reasons for change in long-term deferred expenses: the long-term deferred expenses at the end of the year increased by 234.02% as compared with the beginning of the year, mainly due to the increase in renovation and alteration expenditure of industrial parks, office buildings and other properties during the year.

(18) Reasons for change in other non-current assets: the other non-current assets at the end of the year increased by 34.21% as compared with the beginning of the year, mainly due to the increase in contract assets such as undated warranty retention monies with a maturity of over one year.

(19) Reasons for change in short-term borrowings: the short-term borrowings at the end of the year increased by 88.20% as compared with the beginning of the year, mainly due to the newly drawn working capital loans during the year.

(20) 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 at the end of the year increased by 151.93% 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 finance company.

(21) Reasons for change in non-current liabilities due within one year: the non-current liabilities due within one year at the end of the year increased by 171.46% as compared with the beginning of the year, mainly due to the increase in estimated liabilities due within one year.

(22) Reasons for change in other current liabilities: the other current liabilities at the end of the year decreased by 24.40% as compared with the beginning of the year, mainly due to the decrease in the balance of unendorsed and unexpired notes receivable not derecognised at the end of the period.

(23) Reasons for change in long-term loans: the long-term loans at the end of the year increased by 109.57% as compared with the beginning of the year, mainly due to the increase in loans for construction and transfer projects and entrusted loans.

(24) Reasons for change in deferred tax liabilities: the deferred tax liabilities at the end of the year decreased by 35.15% as compared with the beginning of the year, mainly due to the decrease in deferred income tax liabilities related to leases.

2. Offshore assets

Assets scale

Among them: offshore assets of RMB1,375,072,019.87, accounting for 0.85% 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	3,673,863,861.62	Deposits of central bank, reserves, security deposits
Notes	267,709,553.62	Endorsed without derecognition
Intangible assets and fixed assets	430,514,256.41	Security for loan
Total	4,372,087,671.65	

4. The gearing ratio was 70.39% in 2025

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

BANK BORROWINGS

As of 31 December 2025, the Company had borrowings from financial institutions (banks) of RMB228 million due within one year and had bank borrowings of RMB2,821 million due beyond one year. The Company's borrowings and cash and cash equivalents are mainly dominated in RMB. In particular, RMB2,759 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 2025, the Group had pledged borrowings of approximately RMB291 million (2024: RMB319 million), which were related to borrowings from financial institutions secured by concession. As of 31 December 2025, net value of concession amounted to RMB430 million (2024: RMB468 million). As of the end of the year, this part of borrowings was not mature.

DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT

(I) Structure and trend of the industry

The "Proposal of the Central Committee of the Communist Party of China on Formulating the 15th Five-Year Plan for National Economic and Social Development" clearly puts forward the strategic goal of "building a strong energy country" and makes major strategic arrangements for "accelerating the construction of a new energy system". At the United Nations Climate Change Summit, China announced a new round of nationally determined contributions, clarifying that the total installed capacity of wind power and solar power generation nationwide will reach more than six times that of 2020 by 2035, striving to reach 3.6 billion kilowatts. 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 2026 National Energy Work Conference has clearly set out the main objectives for the initial establishment of a new energy system: by 2030, the share of non-fossil energy consumption will reach 25%, and the share of new energy power generation installed capacity will exceed 50%, becoming the main component of power installed capacity. The Conference stressed that in 2026, efforts will be made to achieve a higher level of energy security and enhance power supply capacity; the share of new energy supply will continue to increase, major hydropower projects will be advanced in an orderly manner, nuclear power will be developed actively, safely and in an orderly manner, the clean and efficient utilization of fossil energy will be strengthened, and forward-looking layout will be made in future energy industries such as hydrogen energy and nuclear energy.

According to the forecast of the China Electricity Council, in 2026, the total electricity consumption of the whole society is expected to reach 10.9 to 11 trillion kilowatt-hours, an increase of 5% to 6% year on year. The national power supply and demand will be generally balanced, with tight power supply and demand in some regions during peak hours. The newly added installed capacity of power generation nationwide is expected to exceed 400 million kilowatts, of which the newly added installed capacity of new energy power generation is expected to exceed 300 million kilowatts. By the end of 2026, the total installed capacity of power generation in China is expected to reach about 4.3 billion kilowatts, an increase of about 10.5% year on year. Among them, the proportion of coal-fired power generation will drop to around 31% by the end of 2026, the installed capacity of solar power will exceed that of coal-fired power for the first time, the combined installed capacity of wind power and solar power will account for half of the total installed capacity of power generation, and the installed capacity of non-fossil energy power generation will reach 2.7 billion kilowatts, with its proportion in the total installed capacity rising to around 63%.

Overall, driven by the national "dual carbon" strategy, the construction of a new energy system is promoting a systematic transformation of the power equipment industry. The logic of industry development is shifting from the pursuit of scale expansion to meeting the dual demands of high-proportion renewable energy integration and the safe and flexible operation of the power system, bringing structural growth opportunities to equipment in all links of the "generation, grid, load and storage" power industry chain. Renewable energy has become the main component of China's newly added power installed capacity, and the demand for wind power and photovoltaic equipment is iterating towards large capacity, high reliability and intelligence; nuclear power has entered a phase of steady development, with more than 10 units approved for four consecutive years; pumped storage, as the main form of hydropower and the dominant mode of energy storage, is under full-speed construction, driving the demand for large-scale hydropower equipment. The security guarantee and system regulation attributes of traditional energy have become increasingly prominent, and the basic guarantee and system regulation role of coal-fired power has been further deepened, driving the steady demand for newly added installed capacity and stock transformation. Gas turbines, as high-quality peaking power sources, have attracted increasing attention from all parties. Meanwhile, the new energy storage market is growing rapidly, the hydrogen energy industry has been included in the forward-looking layout of future industries, the application of energy conservation and environmental protection in industrial and other fields continues to deepen, and the chemical equipment sector still has broad market demand.

(II) Development Strategy of the Company

Overall, based on serving national strategies, the Company unswervingly pursues the path of high-quality development and builds a first-class group with exquisite technologies, sophisticated products, attentive services and lean management. Adhering to the theme of promoting high-quality development, the Company strengthens the leadership of scientific and technological innovation, focuses on the needs of major national projects and energy and power development to carry out innovation in major technical equipment, further implements the "Artificial Intelligence Plus" initiative, and continuously increases R&D investment and intelligent manufacturing upgrading, so as to ensure that its key core technologies, comprehensive manufacturing strength and value creation capabilities are first-class in the industry. Adhering to the main line of accelerating industrial transformation and upgrading, the Company has established a "one core, two wings" industrial layout with energy equipment manufacturing as the core and manufacturing services and emerging industries as growth drivers. The Company adheres to the dual-wheel drive of traditional industries and strategic emerging industries, promotes the transformation of advantageous fields such as coal, water, nuclear and gas towards high-end, intelligent, green and integrated development, and consolidates its leading market position; and accelerates the fostering of new growth drivers such as wind power, energy storage, hydrogen energy and power electronics. With customer value as the orientation, the Company focuses on the needs of clean, efficient, flexible, low-carbon and intelligent development, accelerates the development of manufacturing service business and provides systematic solutions. The Company deepens international operation and cooperation and promotes the global layout of the industrial chain. Adhering to reform and innovation as the fundamental driving force, the Company further promotes key reforms, drives the in-depth transformation of the operation mechanism, establishes a scientific performance evaluation system and a strategic support system for human resources, and elevates the Company's governance standards to a new level. Meanwhile, the Company places greater emphasis on the development of management capabilities. By deepening lean management, the Company enhances its systematic management capabilities, making them an engine for and guarantee of high-quality development.

(III) Business Plan

In 2026, the Company will firmly grasp the primary task of high-quality development, and effectively enhance its core functions and core competitiveness. Focusing on the two basic focuses of the transformation and upgrading of traditional industries and the continuous supply of momentum from strategic emerging industries, the Company will adhere to the business philosophy of "business must have value, scale must be profitable, and profits must have cash flow", realize the effective improvement of quality and reasonable growth of quantity, and ensure a good start for the "15th Five-Year Plan" period.

1. Serving national strategies. The Company will fully focus on the R&D and manufacturing of key hydropower project equipment, ensure the smooth commissioning of the units of the Zhala Hydropower Project, and steadily promote the R&D of 800 MW class high-head, high-sediment and large-capacity impulse hydropower units. Focusing on technical difficulties such as independent heavy-duty gas turbines, the Company will accelerate R&D and tackle key problems, enhance the capacity of domestic substitution, and improve the resilience and safety level of the industrial chain and supply chain. The Company will actively implement the national policies on the "Two Priorities" and the "Two New Initiatives", strengthen the driving role of investment, focus on key areas such as resource development, production capacity improvement, industrial layout optimization and test platform construction, and plan and implement a number of key investment projects to accumulate momentum for high-quality development through effective investment.

2. Operating indicators. The Company will continuously improve profitability, optimize key indicators such as operating cash flow, asset-liability ratio, "three capitals and one payment", and newly effective orders, so as to form more valuable businesses, profitable revenues and profits with cash flow. The Company will strengthen the special improvement of quality and efficiency, implement the requirements of the three-year action plan for cost management improvement, deepen full-value chain cost management, and establish a product identification and value evaluation system of "high quality, high price and survival of the fittest"; carry out a special action to improve the gross profit margin of the Company's core products, and strive to improve the comprehensive gross profit margin. The Company will pay attention to structural analysis and classified management and control, strictly control the growth rate of "three capitals and one payment", and improve the efficiency of fund turnover. It will strengthen the prevention and control of debt risks, and carry out in-depth special governance of subsidiaries with high risks and high liabilities. The Company will effectively improve its performance capacity, formulate accurate and detailed production scheduling plans, scientifically coordinate core raw materials, manufacturing resources, supporting subcontracting and outsourced resources, do a good job in the reserve of long-cycle and strategic materials, strengthen the node management and control of key projects, improve the project plan management and control and product output capacity, and make every effort to ensure delivery.

3. Industrial development. Focusing on improving gross profit margin and market share, the Company will make every effort to win more high-quality orders. It will maintain the existing market share in nuclear power and gas power; catch up in coal-fired power and hydropower. In wind power, focusing on characteristic scenarios such as offshore, plateau and low wind speed, the Company will systematically improve its capabilities and create differentiated advantages. The Company will accelerate the development of emerging industries with a "one industry, one policy" approach. In hydrogen energy, it will summarize the operation experience of the "hydrogen-oxygen-electric-heat" multi-cogeneration projects, increase promotion efforts on the plateau, promote more application practices, and explore and build a "wind-solar-hydrogen-ammonia-alcohol" demonstration. In energy storage, the Company will optimize technologies and control costs to create new competitive advantages. In power electronics, it will develop independent core technologies and products, and vigorously expand internal and external markets. In power station services, seizing the opportunity of the special action for the upgrading and transformation of the new generation of coal-fired power, the Company will further expand power station transformation businesses such as flexible comprehensive transformation, multi-energy heating and thermoelectric decoupling, comprehensive energy conservation and efficiency improvement, and energy storage integration. In solar thermal power, taking the opportunity of national support for large-scale development, relying on the advantages in system integration and core equipment R&D, the Company will continuously increase its market share. It will actively expand the international market and vigorously promote the "going global" of high-end energy equipment.

4. Scientific and technological innovation. The Company will accelerate the tackling of key core technologies, promote the implementation of major national science and technology projects with high quality, and do a good job in building the original technology source and the chain leader of the modern industrial chain of small and medium-sized gas turbines. It will strengthen the construction of innovation platforms, ensure the construction of basic scientific research infrastructure, and complete the construction of the wind power high-altitude scientific research and innovation demonstration base. The Company will improve the scientific and technological innovation system and mechanism, promote the in-depth integration of the two-level R&D system, and continuously improve the mechanism for the evaluation, transformation and industrialization of scientific and technological achievements. It will further promote "intelligent transformation and digital transformation", accelerate the construction of digital factories, improve the quality and efficiency of digital workshops, and carry out the digital transformation and upgrading of traditional manufacturing processes. The Company will deepen the "Artificial Intelligence Plus" initiative and continuously explore systematic and high-value industrial scenarios. It will effectively guarantee R&D investment, continuously standardize the statistics of R&D investment, and increase the proportion of investment in strategic emerging industries, basic research and applied basic research.

5. Deepening reforms. The Company will continue to deepen the three-system reform, strengthen the evaluation and guidance on the reform of secondary enterprises, promote the improvement of weak links, and maintain the continuous improvement of reform effects. It will further promote internal reform pilot work, and achieve greater breakthroughs in key areas such as scientific and technological innovation, cultivation of strategic emerging industries, and market-oriented operation mechanisms. The Company will strengthen the construction of a leading and innovative headquarters, establish a capability system matching the "strategic + operational" type, and better give play to the overall functions of the headquarters in policy supply, decision support, resource integration and promotion of coordination. It will optimize the evaluation system and formulate assessment standards on a "one enterprise, one policy" basis. The Company will solidly summarize the experience of the reform deepening and upgrading action, refine and deepen the comprehensive reform demonstration project, and actively promote its application.

6. Management improvement. The Company will pay close attention to quality management, dynamically improve the quality management system, and strictly implement the requirements of the quality system. The Company will strengthen audit follow-up efforts, promote the rectification of key audit issues and the improvement of management standards, and continuously expand the scope of "in-process supervision" in audits. It will accelerate the digital and intelligent transformation of finance, and coordinate the in-depth application of the treasury system, financial budgeting and reporting system. The Company will upgrade the digital application of the intelligent rule of law system, and gradually realize penetrating supervision over key businesses and important risk points. It will deepen lean management, formulate a new three-year action plan for lean management, and optimize the lean operation indicator system. It will attach great importance to production safety, increase the intensity of hidden danger investigation and rectification, fully promote the successful conclusion of the key tasks of the three-year action plan for tackling the underlying problems of production safety, and effectively ensure the safety of personnel's lives.

(IV) Possible Risks

1. Risks of international operations

Risk description: Currently, global geopolitical conflicts and major-power competition continue to intensify, and the momentum of global economic growth is weakening. Meanwhile, global competition in the green industry is becoming increasingly fierce, technological iteration is accelerating, and price competition in new energy sectors such as wind, solar and energy storage is intensifying. The Company is facing growing uncertainties and challenges in expanding its international market.

Risk control measures: (1) The Company will further advance regional operations and cross-border layout of the industrial chain, foster drivers for international operations, optimize the coordination mechanism for international business and overseas layout, promote industrial synergy, strengthen international brand promotion, and continuously enhance the Company's international market competitiveness. (2) The Company will dynamically sort out national policies, strengthen the identification, assessment and response to overseas compliance risks, take the initiative to apply international rules in foreign-related business activities such as overseas business marketing and transaction model design, and improve the ability to apply and shape international rules.

2. Policy risks

Risk description: At present, the scale of the Company's strategic emerging industries is continuously expanding. However, as strategic emerging industries are highly dependent on government industrial support policies, inaccurate tracking and judgment of policies and inadequate capacity for policy transformation and application may to a certain extent affect the Company's agile response to market changes.

Risk control measures: (1) The Company will strengthen communication with local governments to strive for more favorable policies, further deepen research on the development trends, technical paths and business models of strategic emerging industries, dynamically optimize and adjust development strategies and management methods in a targeted manner, quickly obtain bulk orders amid fierce market competition, and promote high-quality industrial development. (2) In light of changes in the industrial situation of new industries, The Company will implement the requirements of special action plans for specific industries in a targeted manner, highlight priorities and focus on shortcomings, and continuously support the market expansion, product promotion and industrial cultivation of affiliated enterprises in some key industries.

3. Business transformation risks

Risk description: The Company makes investments in the process of business transformation. Due to many unstable and uncertain factors in the external environment, intensified volatility in the capital market, coupled with the long transformation cycle of new technologies, uncertainties in commercialization and the transition period of cultivation, there is a possibility that investment targets and investment returns may fall short of expectations.

Risk control measures: (1) The Company will continuously strengthen investment risk prevention, strictly control the access of new projects, focus on supervising and guiding subsidiaries to carry out investments in a standardized and effective manner, conduct follow-up, supervision and guidance on investment businesses such as key enterprises and key (major) investment projects, and ensure risk prevention and control throughout the entire investment process. (2) For subsidiaries that fail to realize their industrial functions, the Company will timely conduct closure, liquidation or transfer and exit to control or reduce risks.

OTHERS

1. Capital Structure

For the year ended 31 December 2025, total share capital of the Company amounted to RMB3,458,360,326, comprising 3,050,360,326 A shares of RMB1.00 per share and 408,000,000 H shares of RMB1.00 per share. The capital structure of the Company is as follows:

	2025		2024	
Class of shares	**Number of shares**	**% of total number of share capital issued**	Number of shares	% of total number of share capital issued
A share	**3,050,360,326**	**88.20%**	2,777,499,457	89.09%
H share	**408,000,000**	**11.80%**	340,000,000	10.91%
Total	**3,458,360,326**	**100%**	3,117,499,457	100%

Issuance of A shares to specific targets

On 14 April 2025, pursuant to the general mandate to issue shares granted at the 2025 first extraordinary general meeting, the Company completed the issuance of 272,878,203 A shares at an issue price of RMB15.11 per share to specific investors including Dongfang Electric Corporation, who meet the conditions prescribed by the China Securities Regulatory Commission. The Company's total number of issued shares increased from 3,117,482,123 shares to 3,390,360,326 shares. The gross proceeds from the issuance of A shares to specific targets amounted to RMB4,123.19 million and the net proceeds amounted to RMB4,116.57 million after deduction of relevant issuance expenses of RMB6.62 million (tax exclusive). As of 31 December 2025, the proceeds utilized amounted to approximately RMB3,683.51 million. The proceeds from the issuance of A shares to specific targets will be used for the acquisition of 4.55% equity interests in Dongfang Boiler Co., Ltd., 8.70% equity interests in Dongfang Turbine Co., Ltd., 8.14% equity interests in Dongfang Electric Machinery Co., Ltd. and 5.63% equity interests in Dongfang (Guangzhou) Heavy Machinery Co., Ltd., enhancement of construction-related projects and replenishment of working capital. For details, please refer to the circular and notice of the 2025 first extraordinary general meeting dated 26 February 2025, poll results announcement of the 2025 first extraordinary general meeting held on 14 March 2025 and clarification, and the announcement in relation to the completion of the issuance of A shares to specific targets dated 17 April 2025.

Placing of new H shares under general mandate

On 18 September 2025, the Company entered into the Placing Agreement with the Sole Placing Agent, pursuant to the general mandate granted to the Board by the Shareholders under the special resolution passed at the extraordinary general meeting held on 14 March 2025, to procure, on a best effort basis, not less than six Placees (who and whose ultimate beneficial owners will be Independent Third Parties) to purchase 68,000,000 Placing Shares at the Placing Price of HK$15.92 per Placing Share. The Placing was completed on 24 September 2025, and the total number of issued Shares of the Company increased from 3,390,360,326 Shares to 3,458,360,326 Shares. The gross proceeds and net proceeds from the Placing (after deducting the Placing commission and other relevant costs and expenses of the Placing) were approximately HK$1,082.56 million and HK$1,074.84 million, respectively. The Company will allocate the net proceeds of the Placing (after deducting the Placing commission and other relevant costs and expenses of the Placing) for general working capital, among which (i) approximately 50% of the net proceeds of the Placing, or approximately HK$537.42 million for research and development injection; and (ii) approximately 50% of the net proceeds of the Placing, or approximately HK$537.42 million for expanding the Company's sales channels. As of 31 December 2025, the proceeds had not been utilized yet and subsequent fund deployment arrangements will be planned prudently and orderly in accordance with project progress. For details, please refer to the Company's circular and notice of the 2025 first extraordinary general meeting dated 26 February 2025, the voting results of the 2025 first extraordinary general meeting and clarification announcement dated 14 March 2025, and the announcements dated 18 September 2025 and 24 September 2025 in relation to the placing of new H Shares under the general mandate and the completion of the placing of new H Shares.

2. Major Acquisition and Disposal of Subsidiaries and Associates

Save as disclosed in this announcement, there were no other major acquisition and disposal of subsidiaries and associates during the year ended 31 December 2025.

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

For the year ended 31 December 2025, pursuant to the Resolution on the Repurchase and Cancellation of Certain Restricted Shares approved at the Company's 2024 third extraordinary general meeting, 2024 second A Shares class meeting and 2024 second H Shares class meeting held on 27 December 2024, the Restricted Shares totalling 17,334 A shares that have been granted to 1 participant yet still locked up were repurchased and cancelled. Please refer to the announcement of the Company dated 20 January 2025 for details.

Save for the aforementioned matters, none of the Company or its subsidiaries purchased, sold or redeemed any listed securities of the Company (including sales of treasury shares (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited)). During the year ended 31 December 2025 and up to the date of this announcement, the Company did not hold any treasury shares.

4. Events Subsequent to the Reporting Period

Save as disclosed in this announcement, there was no other material events or transactions affecting the Group and which is required to be disclosed by the Company to its shareholders from 1 January 2026 to the date of this announcement.

5. Corporate Governance Code

The Company was in full compliance with all applicable code provisions of the Corporate Governance Code contained in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") during the year ended 31 December 2025.

6. Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by directors of Listed Issuers (the "**Model Code**") contained in Appendix C3 to the Listing Rules as the standard code governing securities transactions by directors. Having made specific enquiries to all directors, the Company confirms that all directors had complied with the Model Code throughout the year ended 31 December 2025.

7. Audit and Review of Annual Results

The audit and risk committee under the Board of the Company (the "**Audit and Risk Committee**") currently comprises one non-executive director, Mr. Zhang Shaofeng, and three independent non-executive directors, Mr. Huang Feng, Mr. Zeng Daorong (Chairman) and Ms. Chen Yu.

The Audit and Risk Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2025 (the "**Annual Results**"). Based on such review and discussions with management and the auditor, the Audit and Risk Committee is satisfied that the Annual Results have been prepared in accordance with applicable accounting standards and fairly present the consolidated financial position and results of the Group for the year ended 31 December 2025.

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 2025 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 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
Luo Qianyi
Chairman

Chengdu, Sichuan Province, the PRC
31 March 2026

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

Non-executive Directors:	*Mr. Luo Qianyi (Chairman) and Mr. Zhang Shaofeng*
Directors:	*Mr. Zhang Yanjun and Mr. Sun Guojun*
Independent Non-executive Directors:	*Mr. Huang Feng, Mr. Zeng Daorong and Ms. Chen Yu*