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

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

(Stock Code: 1072)

DONGFANG ELECTRIC CORPORATION LIMITED 2025 ANNUAL EVALUATION REPORT AND 2026 ACTION PLAN FOR ENHANCING QUALITY, INCREASING EFFICIENCY AND EMPHASIZING RETURNS

Dongfang Electric Corporation Limited (hereinafter referred to as "**DEC**" or the"**Company**") thoroughly implements the spirits of the 20th National Congress of the Communist Party of China and the Central Financial Work Conference, fulfils the requirements stipulated in the Opinions on Further Improving the Quality of Listed Companies issued by the State-owned Assets Supervision and Administration Commission, and actively responds to the Initiative on Carrying out the Special Action of "Enhancing Quality, Increasing Efficiency and Emphasizing Returns" by Companies Listed on the Shanghai Stock Exchange issued by the Shanghai Stock Exchange. In order to continuously enhance the Company's core competitiveness and promote the Company's high quality development, in accordance with the Circular on Properly Disclosing the Action Plan of "Enhancing Quality, Increasing Efficiency and Emphasizing Returns" issued by the Shanghai Stock Exchange, DEC now assesses its work performance in 2025 and formulates the 2026 action plan of "Enhancing Quality, Increasing Efficiency and Emphasizing Returns", with the details set forth below:

I. 2025 WORK PERFORMANCE EVALUATION

(1) Proactive Delivery in Serving National Strategies

In 2025, focusing on major national projects, the Company vigorously advanced the research and development of high-water-head, high-sediment and large-capacity impulse hydroelectric units. The world's first plateau hydroelectric unit production and research base was completed and put into operation in Nyingchi, Tibet. For the 500MW impulse hydroelectric unit of the Zhala Project, the acceptance and delivery of key components including hydraulic development facilities and water distribution penstocks were completed. Centering on national strategic tasks, the Company steadily advanced work on major national science and technology projects, tasks under the modern industrial chain leader system, and various initiatives of the Electric Power Equipment Innovation Consortium. The construction of a source of original and leading technologies passed the mid-term evaluation. Actively contributing to high-quality Belt and Road cooperation, the Company secured newly-effected international contracts worth over RMB14 billion. It achieved breakthroughs with first-ever overseas orders for million-kilowatt nuclear power units, 50MW heavy-duty gas turbines and pumped storage units. The Company successfully hosted the Clean Energy and Sustainable Development Summit in Uzbekistan. To support comprehensive rural revitalization, the Company continued targeted assistance work in Zhaojue of Sichuan Province and Ji County of Shanxi Province, and has been rated as "Excellent", the highest grade, in the annual performance assessment on paired assistance by central government entities for five consecutive years.

(2) Promoting Industrial Development with Enhanced Quality, Increased Efficiency and Emphasized Returns

In 2025, the Company secured new effective orders of RMB117.251 billion, a year-on-year increase of 15.93%. Energy equipment manufacturing accounted for 67.33%, manufacturing services accounted for 22.15%, and emerging industries accounted for 10.52%. The Company further consolidated its advantages in traditional industries, maintaining the leading market share in the nuclear power and gas power sectors. It launched a new generation of coal-fired power technology solutions and achieved a market breakthrough in ultra-supercritical "W"-flame boilers. The market share of hydropower business rose year on year, with major breakthroughs made in high-altitude, wide-load and variable-speed pumped storage technologies. Its domestic wind power market ranking sixth. Wind power equipment manufacturing bases in Ruoqiang and Bulingjin of Xinjiang were put into operation. The integrated hydrogen production and refueling demonstration project in Xizang was commissioned. The Company launched a multi-energy supply development model of "hydrogen-oxygen-electricity-heat" and explored the application of "cultural and tourism inns" in plateau areas. Hydrogen energy buses delivered by the Company served the venues of the 12th World Games, and orders for cold chain logistics vehicles were obtained from Beijing's key special research projects. The integrated platform for floating wind power coupled with in-situ hydrogen production from seawater without desalination obtained certification from China Classification Society. High-end canned pumps were exported to Europe for the first time. Breakthroughs were achieved in pumped storage project orders with self-developed excitation systems and large-capacity SFC equipment.

(3) Remarkable Achievements Made in Scientific and Technological Innovation

In 2025, the Company invested RMB3.881 billion in research and development. Focusing on breakthroughs in core key technologies, the world's first commercial supercritical carbon dioxide power generation unit was successfully put into commercial operation. The world's first 700MW ultra-supercritical circulating fluidized bed boiler was selected as one of the "Top 10 Super Projects by Central Enterprises in 2025". Unit 2 of the "Guohe No.1" demonstration project commenced commercial operation. Core key equipment including the main helium fan and steam generator for the world's first 600MW commercial high-temperature gas-cooled reactor demonstration project were developed and delivered. A 26MW semi-direct-drive offshore wind turbine was connected to the grid for power generation, while a 17MW direct-drive floating offshore wind turbine rolled off the production line. The 15MW heavy-duty gas turbine achieved full-load operation and pure hydrogen combustion capability. The self-developed grid-forming PCS energy storage converter realized the first set of industrial application. Breakthroughs were made in key technologies for biomass fluidized bed gasification. Seven pieces of equipment independently developed or jointly researched by the Company were included in the fifth list of the first (set of) major technological equipment in the energy sector issued by the National Energy Administration. The Company further deepened collaborative innovation, established a joint innovation research institute with Tsinghua University, and signed strategic cooperation agreements with Laoshan National Laboratory and other institutions. Together with GT-PRC, it pioneered the cooperation model of "joint R&D plus scenario-driven innovation", marking the successful roll-off of the first four high-end five-axis linkage CNC machine tools. Steady progress was made in innovation platform development. The Energy and Power Equipment Technology Branch of the National Key Laboratory of Intense Electromagnetic Technology was founded, and four Sichuan Provincial Key Laboratories, including those focusing on clean and low-carbon thermal conversion and utilization technologies and equipment, were restructured. The Company took the lead in establishing the Sichuan Provincial Energy Equipment Digital and Intelligent Technology Innovation Center. The megawatt-level chemical looping combustion pilot platform and the hydrogen industry technology pilot platform were shortlisted in the first key cultivation list released by the Ministry of Industry and Information Technology. DEC Hydrogen was selected into the first key observation list of national leading sci-tech enterprises and recognized as a "leading enterprise" in future energy by the MIIT. The Company was awarded 15 provincial and ministerial-level scientific and technological achievements awards throughout the year.

(4) Continuous Improvement of Governance and Management Framework

In 2025, the Company continuously improved its governance structure and management procedures. It convened three shareholders' meetings, one A share class meeting and one H share class meeting throughout the year, reviewing and approving 15 major matters including amendments to the Articles of Association, profit distribution and changes of directors, so as to ensure shareholders' right to know and participate in decision-making on the Company's material issues. The Board held 11 meetings and considered a total of 64 proposals. Independent directors fully performed their supervisory duties by overseeing key areas such as connected transactions, financial reports, appointment and removal of directors, and remuneration, ensuring that Board decisions are in the interests of the Company as a whole and duly safeguard the legitimate rights and interests of minority shareholders. The Board features a diversified director composition with rich professional backgrounds, enabling effective identification and oversight of relevant risks and opportunities. The Company further enhanced investor relations management. It hosted the 30th Anniversary Listing and Results Presentation, held three results briefings, and replied to 200 investor enquiries via the E-Interaction platform, strengthening communication and mutual understanding with all capital market participants. Efforts to upgrade ESG governance continued. The Company has issued an ESG report for ten consecutive years, with its domestic and overseas ESG ratings improving year by year. It has maintained the Grade A information disclosure rating granted by the Shanghai Stock Exchange for 11 consecutive years. Its submitted case Innovation-driven Momentum for Global Green Energy Transition was recognised as one of the "Top 10 Excellent Green and Sustainable Development Practice Cases of Central Enterprises 2025". The Company remained firmly within the top 100 in the ENR Ranking of the World's 250 Largest International Contractors and was listed among the "Top 100 Employers of 2025", demonstrating its solid progress in sustainable development performance.

(5) Notable Improvement in Capital Market Recognition

The Company continued to enhance shareholder returns, with its 2025 cash dividend payout ratio rising to 47.84%, rewarding investors through a stable dividend distribution mechanism. The Company advanced the shareholding increase by its controlling shareholder. As the controlling shareholder, Dongfang Electric Cooperation Limited has always stood firmly with minority investors. Amid the sluggish market in March 2025, it took the initiative to approve a share purchase plan and increased its holdings by approximately 4.37 million A shares in 2025, further bolstering confidence in the capital market. The Company successfully completed the private placement of A shares and the placing of H shares. In April 2025, to further drive the development of its core businesses, the Company privately issued approximately 272.8782 million A shares. The raised funds effectively accelerated the progress of projects including pumped storage power, heavy-duty gas turbines and digital upgrading, all of which have now been completed. In September 2025, in response to trading demand for its shares in the international capital market, the Company completed the placing of 68 million H shares. The proceeds were utilised to support the development of core businesses, further consolidate the Company's leading position in the energy equipment sector, and facilitate high-quality and sustainable development.

II. 2026 ACTION PLAN FOR "ENHANCING QUALITY, INCREASING EFFICIENCY AND EMPHASIZING RETURNS"

(1) Focusing on Operational Quality and Efficiency to Consolidate the Foundation of Value Creation

First, 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.

Second, 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.

Third, 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.

Fourth, focusing on improving gross profit margin and market share, the Company will make every effort to win more high-quality orders. It will actively expand the international market and vigorously promote the "going global" of high-end energy equipment.

Fifth, the Company will effectively improve its performance capacity, strengthen the node management and control of key projects, and make every effort to ensure delivery.

(II) Fostering New Quality Productive Forces and Activating the Innovation-driven Engine

First, 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.

Second, the Company 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.

Third, 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.

Fourth, the Company will deepen the "Artificial Intelligence Plus" initiative and continuously explore systematic and high-value industrial scenarios.

Fifth, the Company 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.

(3) Optimizing Corporate Governance and Elevating Lean Management Standards

First, the Company will continuously strengthen the Board's ESG governance capacity, and fully respect and protect the legitimate rights and interests of stakeholders. The Company will further improve the governance framework and management procedures, clarify the division of powers and responsibilities, ensure smooth information communication, and support the Board in performing its duties efficiently and making scientific decisions.

Second, the Company will continue to deepen the three-system reform. 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.

Third, the Company will pay close attention to quality management, dynamically improve the quality management system, and strictly implement the requirements of the quality system.

Fourth, the Company will strengthen audit follow-up efforts 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.

Fifth, 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.

Sixth, the Company will deepen lean management, formulate a new three-year action plan for lean management, and optimize the lean operation indicator system.

Seventh, the Company 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.

(4) Consolidating Accountability of Key Minority Personnel and Shoring up the Line of Compliance and Duty Performance

First, the Company will strengthen regular communication with the "key minority", including the controlling shareholder, directors and senior management. It will actively organise relevant personnel to participate in special training sessions held by regulatory authorities such as the Shanghai Stock Exchange and Listed Companies Association, systematically study securities market laws and regulations, deepen understanding of capital market knowledge, and continuously enhance compliance awareness and self-regulation capabilities.

Second, the Company will closely monitor updates to regulatory policies, and promptly disseminate the latest regulatory requirements, typical warning cases and cutting-edge market information to directors and senior management. This enables the key minority to accurately grasp policy directions, identify market trends, and effectively enhance the standardization and forward-looking nature of corporate governance.

Third, the Company will continue to urge the key minority to thoroughly study and fully comply with relevant securities market laws and regulations, further strengthen self-discipline and compliance awareness, consolidate accountability, improve professional competence, and effectively safeguard the steady operation and high-quality development of the Company.

(5) Strengthening Investor Returns and Building Diversified Communication Bridges

First, the Company will actively implement the three-year shareholder return plan (2025–2027), complete the 2026 annual dividend distribution in accordance with the commitments under the plan, and ensure that the 2026 cash dividend payout ratio rises by no less than 1 percentage point compared with that in 2025.

Second, the Company will continuously improve the quality of information disclosure, and proactively, systematically and comprehensively demonstrate the Company's value to the capital market.

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

Fourth, the Company reasonably and properly arranges on-site visits, seminars, investor open days and other series of activities to enhance investors' recognition for the Company's strategy and long-term investment value. The Company conducts investor relations management through multiple channels, platforms and approaches, and promptly and thoroughly understands investor demands and delivers targeted responses via the SSE E-Interaction platform, telephone, email and by other means.

Fifth, strengthening media relations management and continuously carrying out public opinion monitoring. The Company conveys true and accurate information to the external parties, and guides the media to make objective and positive reports.

III. OTHERS

The Company will continuously assess the implementation progress of specific measures under the action plan of "Enhancing Quality, Increasing Efficiency and Emphasizing Returns" and fulfill its information disclosure obligations. It will faithfully perform the responsibilities and obligations as a listed company. With sophisticated technologies, high-quality products, thoughtful services and lean management, the Company will accelerate the building of a high-grade enterprise group, reward shareholders and give back to the society with better operating results, and jointly promote the stable operation of the capital market.

This action plan is formulated based on the Company's current actual situation and does not constitute any substantive commitment to investors. The implementation of the plan is subject to various factors such as changes in the macro environment, policy adjustments and industrial development, which may involve uncertainties. All investors are advised to make rational investment decisions and pay close attention to investment risks.

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

Chengdu, Sichuan Province, the PRC
29 April 2026

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

Non-executive Directors:	*Mr. Luo Qianyi (Chairman of the Board) 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*