東方電氣股份有限公司
Dongfang Electric Corporation Limited

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

(Stock Code: 1072)

ANNOUNCEMENT OF 2009 ANNUAL RESULTS

- Total operating revenue in 2009 amounted to RMB32,800 million, representing an increase of 18.17% compared with the same period last year
- Net profit of the Company in 2009 amounted to RMB1,736 million, representing an increase of 281.57% compared with the same period last year
- Earnings per share amounted to RMB1.911 in 2009, representing an increase of 244.32% compared with the same period last year
- New orders in 2009 amounted to RMB56,800 million

The board of directors (the "Board") of Dongfang Electric Corporation Limited (the "Company") is pleased to announce the audited annual results of the Company and its subsidiaries (the "Group") for year ended 31 December 2009 prepared in accordance with the Hong Kong Financial Reporting Standards:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2009

	NOTES	**2009** **RMB'000**	2008 *RMB'000* (Restated) *(Note 1)*
Revenue	3	**32,754,132**	27,717,160
Cost of sales		**(27,437,106)**	(23,402,772)
Gross profit		**5,317,026**	4,314,388
Other income		**596,948**	1,120,884
Distribution expenses		**(788,181)**	(466,647)
Administrative expenses		**(3,146,106)**	(2,795,908)
Loss from 12 May Earthquake		**—**	(1,535,517)
Share of profit of associates		**18,555**	9,090
Share of profit of jointly controlled entities		**4,941**	7,854
Finance costs	5	**(275,740)**	(324,664)
Profit before taxation		**1,727,443**	329,480
Income tax credit	6	**8,929**	125,580
Profit for the year	4	**1,736,372**	455,060
Exchange differences arising on translation of foreign operations and other comprehensive income (expenses) for the year		**2,273**	(7,552)
Total comprehensive income for the year		**1,738,645**	447,508

Profit for the year attributable to:			
Equity holders of the Company		**1,712,138**	456,440
Minority interests		**24,234**	(1,380)
		1,736,372	455,060
Total comprehensive income attributable to:			
Equity holders of the Company		**1,714,411**	448,888
Minority interests		**24,234**	(1,380)
		1,738,645	447,508
Earnings per share — basic and diluted	8	**RMB1.911**	RMB0.555

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2009

	NOTES	**2009** **RMB'000**	2008 *RMB'000* (Restated) *(Note 1)*	2007 *RMB'000* (Restated) *(Note 1)*
Non-current assets				
Property, plant and equipment		**5,930,188**	3,270,635	3,276,620
Construction in progress		**2,526,814**	1,450,616	321,374
Prepaid lease payments		**793,405**	702,360	244,222
Investment properties		**26,369**	27,871	29,373
Intangible assets		**106,140**	123,391	116,322
Interests in associates		**87,252**	51,332	42,242
Interests in jointly controlled entities		**120,040**	120,881	121,368
Available-for-sale investments		**30,400**	39,600	55,099
Deferred tax assets		**635,609**	490,183	290,197
		10,256,217	6,276,869	4,496,817

Current assets				
Inventories		**27,023,288**	20,233,200	12,081,060
Amounts due from associates		**46,867**	1,270,368	—
Amounts due from related parties	9	**1,608,559**	2,503,030	1,676,920
Trade and other receivables	10	**17,551,114**	14,321,945	12,667,286
Prepaid lease payments		**7,874**	6,974	11,718
Other tax asset		**1,278,526**	468,361	4,273
Amounts due from customers for contract works		**1,575,806**	1,627,629	1,442,840
Derivative financial instruments		**4,177**	—	—
Restricted bank balance		**150,456**	280,890	—
Pledged bank deposits		**99,288**	142,487	206,331
Cash and deposits in banks and a financial institution		**14,675,384**	11,505,153	4,857,946
		64,021,339	52,360,037	32,948,374
Current liabilities				
Amounts due to customers for contract works		**7,877,881**	10,425,315	6,921,204
Amounts due to related parties	11	**5,379,744**	7,261,303	4,726,637
Trade and other payables	12	**47,113,306**	31,676,339	17,695,590
Derivative financial instruments		**2,910**	—	—
Enterprise income tax liabilities		**122,562**	159,049	271,058
Other tax liabilities		**435,552**	214,578	74,597
Borrowings		**467,306**	718,215	753,028
Provision		**585,455**	332,966	228,378
Deferred income		**195,683**	150,316	86,508
Termination benefit		**4,353**	12,150	16,472
		62,184,752	50,950,231	30,773,472
Net current assets		**1,836,587**	1,409,806	2,174,902
Total assets less current liabilities		**12,092,804**	7,686,675	6,671,719

	Note			
Non-current liabilities				
Deferred income		**763,228**	808,499	811,981
Borrowings		**615,000**	722,320	295,820
Long term liabilities		**685**	685	685
Termination benefit		**81,012**	69,083	64,973
Amounts due to related parties	11	**1,587,907**	3,625,908	1,848,000
Deferred tax liabilities		**190**	–	–
		3,048,022	5,226,495	3,021,459
Net assets		**9,044,782**	2,460,180	3,650,260
Capital and reserves				
Share capital		**1,001,930**	882,000	817,000
Reserves		**7,682,254**	1,261,335	1,808,737
Equity attributable to equity holders of the Company		**8,684,184**	2,143,335	2,625,737
Minority interests		**360,598**	316,845	1,024,523
		9,044,782	2,460,180	3,650,260

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain investments and derivative financial instruments, which have been measured at fair value.

During the year ended 31 December 2009, the Company and China Dongfang Electric Corporation ("DEC") entered into an acquisition agreement for the purchase of 27.3% equity interest in Dongfang Guangzhou Heavy Machinery Co., Ltd ("DFHM"), a limited liability company established in the People Republic of China (the "Group Reorganisation"). DFHM was previously accounted for as an associate of the Group before the Group Reorganisation. Upon the completion of the Group Reorganisation on 30 December 2009, the Group holds 57.3% controlling interest in DFHM and was treated as a subsidiary. The Group Reorganisation has been accounted for as combination of businesses under common control by applying the principles of merger accounting in accordance with the Accounting Guideline 5 "Merger Accounting under Common Control Combination" issued by the HKICPA since the directors of the Company consider that the Company and DFHM are under the common control of DEC.

The consolidated statement of comprehensive income of the Group have been prepared as if the group structure after the Group Reorganisation had been in existence since 1 January 2008. The consolidated statement of financial position of the Group as at 1 January 2008 have been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at these dates and in accordance with the respective equity interests of these business attributable to DEC at these dates.

The total consideration for the acquisition of 27.3% equity interest of DFHM amounted to RMB 155,792,000 and was satisfied by cash. DFHM was established on 2 September 2003 in the PRC under the Company Law of the PRC and is engaged in the business of manufacturing of components for nuclear island equipment.

2. SIGNIFICANT ACCOUNTING POLICIES

APPLICATION OF NEW AND REVISED HKFRSs

In the current year, the Group has applied the following new and revised standards, amendments to standards and interpretations ("new and revised HKFRSs") issued by the HKICPA.

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1(Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) - Interpretation ("Int") 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) - Int 13	Customer Loyalty Programmes
HK(IFRIC) - Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) - Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) - Int 18	Transfers of Assets from Customers

HKFRSs (Amendments)	Improvements to HKFRSs Issued in 2008, except for the amendments to HKFRS 5 that is effective for annual periods beginning or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Except as described below, the adoption of the new and revised HKFRSs had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

New and revised HKFRSs affecting presentation and disclosure only

HKAS 1 (Revised 2007) — Presentation of Financial Statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

Amendments to HKFRS 7 Improving Disclosures about Financial Instruments

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The amendments also expand and amend the disclosures required in relation to liquidity risk. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 24 (Revised)	Related Party Disclosures
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 (Amendment)	Classification of Rights Issues
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Amendment)	Additional Exceptions for First-time Adopters
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-Settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HKFRS 9	Financial Instruments
HK(IFRIC) — Int 14(Amendment)	Prepayments of Minimum Funding Requirement
HK(IFRIC) — Int 17	Distribution of Non-cash Assets to Owners
HK(IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments

The adoption of HKFRS 3 (Revised) may affect the accounting for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary.

HKFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

In addition, as part of Improvements to HKFRSs (issued in 2009), HKAS 17 Leases has been amended in relation to the classification of leasehold land. The amendments will be effective from 1 January 2010, with earlier application permitted. Before the amendments to HKAS 17, leasees were required to classify leasehold land as operating leases and presented as prepaid lease payments in the consolidated statement of financial position. The amendments have removed such a requirement. Instead, the amendments require the classification of leasehold land to be based on the general principles set out in HKAS 17 that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. The application of the amendments to HKAS 17 might affect the classification and measurement of the Group's leasehold land.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

The following is an analysis of the Group's revenue:

	2009	2008
	RMB'000	*RMB'000*
Sale of goods	**14,480,250**	11,167,348
Revenue from construction contracts	**18,196,224**	16,482,896
Revenue from engineering and repairing services	**77,658**	66,916
	32,754,132	27,717,160

Business information

The Group operates in four major segments as follows - main thermal power equipment, main hydro power equipment, wind power generation sets, nuclear power generation sets and environmental production products for power generation equipment, nuclear power equipment, AC/DC motors, oil-fired power plants, production of pressure vessels for non-power generation industrial use and engineering and repairing services for power stations:

Principal activities are manufacture, construction and sale of the following products:

Main thermal power equipment	main thermal power equipment (including turbines and boilers)
Main hydro power equipment	main hydro power equipment
Wind power generation sets	wind power generation sets
Nuclear power generation sets	nuclear power generation sets
Others	environmental production products for power generation equipment, AC/DC motors, related power generation equipment which are used in large-scale coal-fired and gas-fired power plants and other services

Upon completion of the pervious reorganizations, the operation of the Group has been enlarged and the segments become integrated to each others. Sales orders from customers now cover various segments of the Group and the Group places bulk purchase orders of raw materials which will subsequently be assigned to the sales orders. Accordingly, significant part of the corresponding assets and liabilities previously allocated to individual segment are now commonly used among segments. In the opinion of directors, to give details of segment analysis of the assets and liabilities is impracticable.

Segment information about these businesses is presented below:

For the year ended 31 December 2009

2009

	Main thermal power equipment *RMB'000*	Main hydro power equipment *RMB'000*	Wind power generation sets *RMB'000*	Nuclear power generation sets *RMB'000*	Others *RMB'000*	Eliminations *RMB'000*	Consolidated *RMB'000*
Revenue from principal operations							
External sales	20,795,119	3,015,993	6,278,952	2,133,808	530,260	—	32,754,132
Inter-segment sales	596,580	—	—	2,558,906	2,438	(3,157,924)	—
Total revenue	21,391,699	3,015,993	6,278,952	4,692,714	532,698	(3,157,924)	32,754,132
Segment results	3,884,740	284,061	1,104,458	(33,335)	77,102	—	5,317,026
Other income							596,948
Distribution expenses							(788,181)
Administrative expenses							(3,146,106)
Share of profit of associates							18,555
Share of profit of jointly controlled entities							4,941
Finance costs							(275,740)
Profit before taxation							1,727,443

Inter-segment sales are charged at cost prevailing market rate

2008

	Main thermal power equipment	Main hydro power equipment	Wind power generation sets	Nuclear power generation sets	Others	Eliminations	Consolidated
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from principal operations							
External sales	20,314,376	2,596,921	2,617,299	983,319	1,205,245	—	27,717,160
Inter-segment sales	394,060	—	—	549,130	169	(943,359)	—
Total revenue	20,708,436	2,596,921	2,617,299	1,532,449	1,205,414	(943,359)	27,717,160
Segment results	3,631,199	249,886	300,470	(1,745)	134,578	—	4,314,388
Other income							1,120,884
Distribution expenses							(466,647)
Administrative expenses							(2,795,908)
Loss from 12 May Earthquake							(1,535,517)
Share of profit of associates							9,090
Share of profit of jointly controlled entities							7,854
Finance costs							(324,664)
Profit before taxation							329,480

Inter-segment sales are charged at cost prevailing market rate

Geographical information

More than 90% of the Group's sales and provision of services are provided to customers located in the PRC and all of the Group's carrying amount of segment assets and additions to property, plant and equipment are situated in the PRC. Accordingly, no segmental analysis of geographical segment is presented for both years.

4. PROFIT FOR THE YEAR

	2009	2008
	RMB'000	*RMB'000*
		(Restated)
Profit for the year has been arrived at after charging/(crediting):		
Salaries and wages	**1,650,837**	1,494,791
Retirement benefits scheme contributions		
— defined contribution plans	**216,787**	176,617
Staff welfare	**191,381**	157,816
Housing fund	**182,434**	148,449
Termination benefits	**38,416**	39,456
Total staff cost *(Note a)*	**2,279,855**	2,017,129

Auditor's remuneration	**1,800**	4,100
Amortisation of intangible assets included in administrative expenses *(Note b)*	**24,781**	22,056
Amortisation of prepaid lease payments for land use rights *(Note b)*	**18,407**	6,268
Allowance for bad and doubtful debts (net of reversal of doubtful debts)	**500,635**	285,813
Cost of inventories recognised as an expense	**27,437,106**	23,402,772
Depreciation on property, plant and equipment	**540,754**	479,388
Depreciation on investment properties	**1,502**	1,502
Impairment loss on available-for-sale investments *(Note b)*	**5,000**	15,499
Impairment loss on inventories *(Note c)*	**292,994**	—
Loss on disposal of property, plant and equipment	**247**	34,700
Loss on disposal of intangible assets	**318**	311
Rental expense	**6,114**	13,738
Research and development expenditure *(Note b)*	**637,005**	510,811
Share of tax of associates (included in share of profit of associates)	**5,096**	2,040
Tax effect of share of result of jointly controlled entities (included in share of profit of jointly controlled entities)	**2,584**	2,378
12 May Earthquake rehabilitation cost and for affected employees *(Note b)*	**—**	402,405

Note: (a) Directors' and supervisors' emoluments are included in the above staff costs.

(b) Included in administrative expenses.

(c) Included in cost of sales.

5. FINANCE COSTS

	2009	2008
	RMB'000	*RMB'000*
		(Restated)
Bank loans and other borrowings wholly repayable		
within five years	**52,614**	47,944
over five years	**11,466**	11,466
Interest on amounts due to related parties	**240,607**	277,084
Total borrowing cost	**304,687**	336,494
Less: amount capitalised	**(28,947)**	(11,830)
	275,740	324,664

Borrowing cost capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 1.75% (2008: 0.71%) per annum to expenditure on qualifying assets.

6. INCOME TAX CREDIT

	2009	2008
	RMB'000	*RMB'000*
PRC enterprise income tax		(Restated)
— Current year	**137,680**	76,043
— Overprovision in prior years	**(1,373)**	(1,637)
	136,307	74,406
Deferred tax for the year	**(145,236)**	(199,986)
	(8,929)	(125,580)

The tax credit for the year can be reconciled to the profit before taxation per the consolidated statement of comprehensive income as follows:

	2009	2008
	RMB'000	*RMB'000*
		(Restated)
Profit before taxation	**1,727,443**	329,480
Tax charge at enterprise tax rate of 15% (2008: 15%)	**259,116**	49,422
Tax effect of income not taxable for tax purpose	**(44,499)**	(101,283)
Tax effect of share of profit of associates	**(2,783)**	(1,363)
Tax effect of share of profit of jointly controlled entities	**(741)**	(1,178)
Tax effect of expenses not deductible for tax purpose	**52,140**	67,556
Tax effect of tax benefits	**(47,775)**	(77,444)
Tax exemption for 12 May Earthquake	**(111,690)**	(111,344)
Utilisation of tax losses previously not recognised	**(3,556)**	—
Utilisation of temporary difference previously not recongised	**(55,104)**	—
Tax effect of tax losses not recognised	**29,922**	94,926
Effect of excess of applicable tax rate for deferred tax over current tax on deductible temporary difference	**(76,430)**	(19,209)
Overprovision in prior years	**(1,373)**	(1,637)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(6,156)**	(24,026)
Tax credit for the year	**(8,929)**	(125,580)

7. DIVIDENDS

	2009	2008
	RMB'000	*RMB'000*
The Company		
Dividends recognised as distribution during the year 2008 final dividend of RMB0.02 (2008: 2007 final dividend of RMB0.24) per ordinary shares	**17,640**	196,080

The final dividend for the year ended 31 December 2009 of RMB0.16 (2008: RMB0.02) per share has been proposed by the directors and is subject to approval by the shareholders in general meeting. Meanwhile, the Board has proposed a bonus issue on the basis of 10 bonus shares for every 10 shares held.

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	2009	2008
	RMB'000	*RMB'000*
		(Restated)
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	**1,712,138**	456,440
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**896,129**	822,417

No diluted earnings per share are calculated as there were no potentially dilutive share is issued in both periods presented.

9. AMOUNTS DUE FROM RELATED PARTIES

All of the Group's revenue generated from related parties are through construction projects. Settlement is made in accordance with the terms specified in the contracts governing the relevant transactions, and the Group offers credit terms generally accepted in the power equipment manufacturing industry of two to three years to them, which vary depending on the size of contract, credibility and reputation of the customers. In order to manage the credit risks associated with trade receivables effectively, quality of customers are evaluated periodically.

	31 December 2009	31 December 2008	1 January 2008
	RMB'000	*RMB'000*	*RMB'000*
		(Restated)	(Restated)
Amounts due from related parties due within one year			
Trade receivables:			
Fellow subsidiaries	**815,754**	664,650	372,353
Jointly controlled entities	**4,414**	321	-
Immediate holding entity	**220,833**	977,204	629,925
Less: allowance for doubtful debts	**(107,248)**	(189,923)	(83,440)
	933,753	1,452,252	918,838
Prepayment for materials and contract work:			
Fellow subsidiaries	**617,289**	1,033,640	675,042
Jointly controlled entities	**56,860**	16,481	-
Immediate holding entity	**657**	657	83,040
	674,806	1,050,778	758,082
	1,608,559	2,503,030	1,676,920

The following is an aged analysis of amounts due from related parties net of allowance for bad and doubtful debts which are trade in nature:

	31 December 2009 *RMB'000*	31 December 2008 *RMB'000* (Restated)	1 January 2008 *RMB'000* (Restated)
Within 1 year	**662,391**	967,803	577,702
1-2 years	**152,140**	183,705	316,272
2-3 years	**75,862**	288,709	24,578
More than 3 years	**43,360**	12,035	286
	933,753	1,452,252	918,838

The Group allows an average credit period of 180 days for amounts due from related parties, while the credit period of prepayments from related parties are given according to general practices. The Group does not hold any collateral over these balances.

10. TRADE AND OTHER RECEIVABLES

Portion of the Group's revenue is generated through construction projects. Settlement is made in accordance with the terms specified in the contracts governing the relevant transactions, and the Group offers credit terms generally accepted in the power equipment manufacturing industry of two to three years to its customers, which vary depending on the size of contract, credibility and reputation of the customers. In order to manage the credit risks associated with trade receivables effectively, quality of customers are evaluated periodically.

For sales of products, a credit period normally at one year may be granted to large or long-established customers with good repayment history. Revenue from small, new or short-term customers is normally expected to be settled 180 days after provision of services or delivery of goods.

	31 December 2009	31 December 2008	1 January 2008
	RMB'000	*RMB'000*	*RMB'000*
		(Restated)	(Restated)
Trade receivables	**11,414,751**	8,891,801	9,258,793
Less: allowance for doubtful debts	**(1,482,070)**	(898,760)	(719,430)
	9,932,681	7,993,041	8,539,363
Prepayment for raw materials	**7,166,848**	6,194,343	4,041,183
Deposits and other receivables	**451,585**	134,561	86,740
	17,551,114	14,321,945	12,667,286

Included in the trade receivables is bills receivables amounted to RMB986,983,000 (31/12/2008: RMB143,350,000, 1/1/2008: RMB755,264,000) aged within one year.

The following is an aged analysis of trade receivables based on invoice date net of impairment losses at the reporting date:

	31 December 2009	31 December 2008	1 January 2008
	RMB'000	*RMB'000*	*RMB'000*
		(Restated)	(Restated)
Within 1 year	**5,914,447**	4,705,417	5,714,435
1-2 years	**2,263,598**	2,040,215	1,990,857
2-3 years	**1,088,549**	853,186	691,570
More than 3 years	**666,087**	394,223	142,501
	9,932,681	7,993,041	8,539,363

11. AMOUNTS DUE TO RELATED PARTIES

	31/12/2009	31/12/2008	1/1/2008
	RMB'000	*RMB'000*	*RMB'000*
		(Restated)	(Restated)
Amounts due to related parties			
Trade payables:			
Fellow subsidiaries	**1,431,846**	1,060,924	391,295
Jointly controlled entities	**129,592**	81,528	—
Immediate holding entity	**603**	1,420	265,372
	1,562,041	1,143,872	656,667
Receipt in advance:			
Fellow subsidiaries	**1,253,682**	855,560	824,618
Jointly controlled entities	**18,001**	19,207	—
Immediate holding entity	**1,498,684**	2,216,590	1,841,016
	2,770,367	3,091,357	2,665,634
Cash consideration payable to immediate holding entity for:			
Group Reorganisation	**1,403,651**	3,252,336	3,252,336
31.61% Acquisition	**1,126,592**	2,799,884	—
	2,530,243	6,052,220	3,252,336

Interest payable to immediate holding entity	**—**	158,792	—
Advance from immediate holding entity for 12 May Earthquake	**—**	440,970	—
Advance from immediate holding entity to DFHM	**105,000**	—	—
	105,000	599,762	—
	6,967,651	10,887,211	6,574,637
Analysed for reporting purpose:			
Current portion	**5,379,744**	7,261,303	4,726,637
Non-current portion	**1,587,907**	3,625,908	1,848,000
	6,967,651	10,887,211	6,574,637

The following is an aged analysis of amounts due to related parties which are trade in nature based on invoice date:

	31/12/2009	31/12/2008	1/1/2008
	RMB'000	*RMB'000*	*RMB'000*
		(Restated)	(Restated)
Within 1 year	**1,451,013**	1,095,908	628,928
1-2 years	**103,415**	19,465	15,684
2-3 years	**7,094**	21,516	7,231
More than 3 years	**519**	6,983	4,824
	1,562,041	1,143,872	656,667

The average credit period for payment of purchases of goods is 180 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

12. TRADE PAYABLES AND OTHER PAYABLES

The following is an aged analysis of the Group's trade payables at the end of the reporting period:

	31 December 2009 *RMB'000*	31 December 2008 *RMB'000* (Restated)	1 January 2008 *RMB'000* (Restated)
Within 1 year	**11,451,738**	8,917,658	3,411,942
1-2 years	**749,311**	145,120	167,384
2-3 years	**63,043**	88,885	—
3-4 years	**70,166**	—	—
	12,334,258	9,151,663	3,579,326
Receipt in advance	**33,416,141**	21,386,555	13,758,502
Accrual for 12 May Earthquake rehabilitation and resettlement cost *(Note)*	**150,456**	280,890	—
Other payables and accruals	**1,212,451**	857,231	357,762
	47,113,306	31,676,339	17,695,590

The average credit period for payment of purchases of goods is 180 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

Included in the trade payables is bills payables amounting to RMB3,074,711,000 (2008: RMB2,578,327,000) aged within one year. Included in the other payables is retentions payable to customers for contract works approximately amounted to RMB431,040,000 (2008: RMB272,002,000).

Note:

In 2008, the Group received donations amounting to RMB402,405,000 from the general public and the government for the 12 May Earthquake. The Group specifically formed a committee to govern and closely monitor the utilisation of the donations. The committee decided to restrict the usage of the donations to rehabilitation of the disaster area and resettlement of the affected employees of the Group. The balance of RMB150,456,000 (31/12/2008: RMB280,890,000, 1/1/2008: Nil), kept at designated bank accounts of the Group, represents the amount not yet paid at year end.

13. COMPARATIVE FIGURES

The Group had undertaken common control combination during the year and restatement of comparative figures have been made on the consolidated financial statements. Consolidated statement of financial position as at 1 January 2008 has also been presented to conform with the presentation of the current year.

FINANCIAL STATEMENTS RECONCILIATION (PREPARED BY MANAGEMENT)

Reconciliation for consolidated financial statements prepared in accordance with HKFRS and PRC Accounting Standards for the accounting year 2009 (RMB0'000)

	Net profit		**Net assets**	
Item	**Closing balance**	Opening balance	**Closing balance**	Opening balance
Prepared in accordance with PRC Accounting Standards	**157,166.34**	15,253.56	**870,874.70**	230,837.27
Prepared in accordance with HKFRS	**171,213.80**	45,644.00	**868,418.17**	214,333.49

Appreciation of the appraisal of Dongfang Turbine, coupled with the impact of government subsidies and deferred income tax

RESULTS FOR THE YEAR AND DIVIDENDS

The Board has recommended the general meeting to distribute a final cash dividend of RMB1.6 per 10 shares for the year 2009, representing a total of RMB160,308,800.

In addition, the Board proposed a bonus issue of 10 shares for every 10 shares of capital reserve account held by the shareholders. Upon completion of the issue, the share capital of the Company will increase from RMB1,001,930,000 to RMB2,003,860,000 and the share premium decreased by RMB1,001,930,000 correspondingly.

Upon the approval at the next annual general meeting, the dividend and bonus will be distributed to those holders of H Shares whose names appear on the Register of Members of the Company. Details of the record date, dividend and bonus payment method and dividend and bonus payment date for shareholders will be announced separately.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Overall operation

The year 2009 is a critical year for DEC's post-disaster reconstruction and industry structural adjustment. In a bid to promote the spirit of Dongfang Turbine, DEC was quick to carry post-disaster reconstruction forward, accelerated industry structural adjustment with reference to market dynamics and enhanced its innovative capability. Together with market expansion campaigns at home and abroad, it managed to put the enterprise on a sustainable and stable footing with record-breaking production value, revenue and other economic indicators. With industry-leading capacity of power generation equipment and new orders kept mounting, it laid solid foundation for the Company's sustainable development.

Operation during the Reporting Period

— Ranked first for production with year-round targets fully met

In 2009, the capacity of power generation equipment produced by the Company amounted to 29,033.8MW, including 33 hydro-electric turbine generator sets with a capacity of 4,949.5MW, 45 steam turbine generators with a capacity of 22,280MW, 1,203 wind power generation sets with a capacity of 1,804.3MW, 49 power station boilers with a capacity of 22,151MW and 67 power station steam turbines with a capacity of 27,167.5MW.

— Remarkable progress in market expansion and improvement in order portfolio

In face of the global financial crisis and large-scale correction of the domestic power equipment market, DEC still saw impressive growth in the number of new orders in 2009. New orders for the year amounted to RMB56.8 billion, including approximately US$2.1 billion from overseas. Among the new orders, 46.3% of which attributed to thermal power generation, 25.5% attributed to nuclear power, 14.6% attributed to wind power, 5.1% attributed to hydro power and 8.5% attributed to other power generation, indicating further improvement in our order portfolio. As at the end of 2009, the Company had orders in hand of more than RMB130 billion, including thermal power generation (52%), hydro power (8%), wind power (7%), nuclear power (29%) and others (4%). Export accounted for 15% of all orders in hand.

In the international market, DEC made the first foray into the power markets of countries such as Brazil, Saudi Arabia and Botswana, among which, the Brazil Jerry Project（巴西杰瑞項目）was the order with the largest contract value for exported complete hydro-power generation equipment in China. The Rabigh thermal power project in Saudi Arabia（沙特阿拉伯拉比格火電項目）is the first 60Hz thermal power generation equipment in China to be introduced to the high-end market of the Middle East.

In the domestic market, the Company secured a cluster of important contracts such as the 600MW super-critical CFB project, being the exemplary project in Baima of Sichuan Province with the highest capacity of its kind in the world. Apart from attaining sufficient order for wind power, the Company made breakthroughs in the nuclear power market by a successful bid of the 1,000MW AP1000 Project (3rd generation) in Taohuajiang and the subcontracting contract of certain Taishan EPR nuclear island main equipment. Henceforth, DEC became the first enterprise to manufacture CPR1000, ERP and AP1000 nuclear island and conventional island equipments simultaneously.

— Breakthroughs in nuclear power development

Full market penetration in the 3rd generation nuclear power equipment. Upon acquisition of the subcontracting contract of certain Taishan EPR nuclear island main equipment, the Company also entered into the order contract of steam generator and nuclear reactor pressure vessel for nuclear power construction in Taohuajiang in Hunan, which marked DEC's full entrance to the 3rd generation nuclear power equipment. As a result, DEC became the sole enterprise capable of manufacturing AP1000, 2nd generation EPR and nuclear island heavy equipment as well as conventional island steam turbine generating units in one row around the globe. The Company also made unremitting efforts to secure contracts relating to the AP1000 cooperation project of 1#2# pressurizers in Haiyang nuclear station and certain Taishan EPR nuclear island main equipment consecutively.

The Company further optimized its network for nuclear power equipment manufacturing by entering into the supply agreements of inner reactor component and control rod driving device for two generating units for large CPR1000 projects as well as the supply agreements for Ningde, high and low pressure generating units at Fangchenggang（防城港機組高低加） and STR, which marked its official entry to the manufacturing business of nuclear power conventional island ancillary units.

The Company pressed ahead with technical renovation initiatives at its plants. While DFHM made promising progress in its Phase III construction which is expected to be put into operation next year, technical innovation of control rod driving device and inner reactor component is gathering pace. Meanwhile, Dongfang Turbine and Dongfang Electrical Machinery（東方電機） also stepped up efforts in the technical renovation in relation to mass production capability of nuclear power.

The production of nuclear power equipment is getting full steam ahead. The first 1,000MW nuclear reactor pressure vessel in China was produced and delivered successfully. During the year, DFHM produced 2 sets of steam generators and had developed mass production capabilities at the initial stage. Areva-Dongfang（東方阿海琺） completed the testing and delivery of the first main bump of Unit 4 in Ling'ao（嶺澳4號機第一台主泵）. The conventional island steam turbine units of projects such as Ling'ao (Phase II), Hongyanhe, Ningde, Fangjiashan and Fuqing were put into production.

— Scaled new heights in technical innovation

As for 600 to 1,000MW conventional thermal generating units of high installed capacity and parameter, the Company made transitional moves from introducing the technology, learning, absorbing the technology to reinvention, with a focus on the development of 60HZ thermal power products. The Company has world-class strength of self-development and design of large-scale hydro power generation and unrivalled technical know-how of 1,000MW nuclear power equipment manufacturing in China. Both localization and bulk production of MW wind power were completed. The Company's 1,000MW ultra-super-critical units were awarded the grand prize of scientific and technological progress of China Machinery Industry （中國機械工業科技進步特等獎）, while the 300MW CFB boiler was accredited as self-innovative products of China. The Company also completed the overall denitration solution for power plant boiler and independently developed the sea water gas desulphurization solution for 600MW boiler.

— Sound progress in major construction projects such as post-disaster reconstruction

Thanks to public interest and support and hard work of all management members and staff of Dongfang Turbine, the construction of its new base is quickly underway as scheduled. As a matter of urgency and given the unique nature of the project, the Company had fulfilled all procedures for national approval in 2009 whilst expediting the construction progress. To date, save as the designated railway and the office complex which are expected to be completed and delivered for use in the first half of 2010, equipment installation or production tasks of all other production and ancillary plants had been transferred to sub-plants.

Among other major investment projects, the Tianjin wind power technology project（天津風電科技項目）commenced trial production ahead of schedule and main works of construction projects such as the port project phase III in Guangzhou, the new energy base of Hangzhou and medium power equipment project were completed and are undergoing equipment installation and trial run. All these laid solid foundation for the full development of scalability of the Company's new energy industries such as wind power and nuclear power in 2010.

— Built brand reputation for DEC in the capital market

The non-public issue of A shares had been completed, whereby the Company successfully issued 119.93 million A shares in November 2009 and raised proceeds of RMB5 billion. The proceeds raised ensured smooth reconstruction and construction of nuclear power projects of Dongfang Turbine, thereby facilitating the sustainable and healthy development of the Company and leading to significant improvement in its financial portfolio.

The Company further promoted standardized operation of the listed company by completing the re-election of the fifth supervisory committee of the Company and appointing three new independent directors providing expertise for the sixth Board of the Company according to the procedural requirements of standardized operation of the listed company. These initiatives improved the operation of all special committees under the Board and promoted standardized operation across the Board. Moreover, the Company entered into and revised the terms governing the Framework Agreements on Connected Transactions between the Company and China Dongfang Electric Corporation from 2009 to 2011, which ensured statutory and effective commencement of connected transactions necessary for normal production and operation of the Company. The execution of connected transactions such as the Company's acquisition of 27.3% equity interest in DFHM held by DEC was considered and approved at the general meeting, which helped the listed company consolidate and develop its nuclear power business. Frequent reception of investors throughout the years and opportune organization of results presentation and road shows of the Company allowed for more in-depth management of investor relations and earned DEC brand reputation in the capital market.

On 18 December 2009, the Company was awarded the "Top 10 Classic M&A and Reorganization Model Award"（十佳典型併購重組案例獎）at the 8th China Corporate Governance Forum, the top award for mergers and acquisitions and reorganizations in the capital market of China.

Prospects and Outlook

In 2010, the global and domestic economic landscape look more promising than that of 2009 as a whole. However, as much uncertainties linger, fundamentals for economic recovery are yet to be consolidated at home and worldwide. The year 2010 is set to be full of challenges and opportunities for China to drive its economy. In broad terms, domestic demand for power will continue to grow while the construction of certain power source projects of domestic power enterprises that is currently underway will gather pace in 2010, thereby posing greater pressure on the production and delivery of products of the Company. By 2010, new construction projects of thermal power generation in China is expected to decrease, which will severely affect the number of orders for thermal power generation of the Company in the future. External market demand will gradually pick up but market competition will be more intense.

In face of complicated and evolving dynamics at home and abroad, the Company will grasp the opportunity arising from the national development of low-carbon economy, continue to adjust its business portfolio to change the way of attaining economic growth, phase out obsolete production capabilities, enhance development quality, devise master plans for practices such as power station services and develop new profit growth engines. At present, the Company has sufficient orders in hand and active production and operation are anticipated to continue in 2010. Key economic indicators such as operating revenue and production value will still maintain steady momentum and a total of 30,100MW production capacity of power generation equipment is to be completed. In order to meet its business targets, the Company intends to adopt the following strategies:

— Full penetration to domestic and overseas markets

  Reinforce efforts to expand domestic thermal power, hydro power, nuclear power, wind power, gas turbine and environmental protection markets. Take the initiatives and adopt effective measures to ensure steady growth in its share in the domestic thermal power and hydro power markets. Make the best of the focus of the State on the development of new and clean energies such as nuclear power and wind power to consolidate and expand our leading presence in these two industries and further expand and strengthen our business in these two areas. Actively enlarge our market share in thermal power, hydro power, old unit renovation and environmental protection products by concerted efforts.

Expand our business reach in international market. Enhance marketing efforts and continue to explore conventional markets such as India, Vietnam and Iran. Actively explore new markets such as the Middle East, Eastern Europe, South America and Africa and gradually expand into the middle to high-end markets. To integrate sales point with market channels to cater for different customers' demand, in a bid to enhance the market share of DEC products in the international market.

— Actively adjust product structure

Conscientiously look into and actively promote product structural adjustment of the Company, effectively alter the way of attaining economic growth, accelerate the process of phasing out obsolete production capabilities and strive to improve development quality. Continue to reinforce hydro and thermal power markets, improve functions of products and expand overseas market. Expand our wind power business by increasing our market share. Top the league in the nuclear power market in China by accelerating power station renovation and the development of our service business.

— Strive for completion of production assignments

Focus on projects approved by the State and international projects according to the grant of approval for these projects and our liquidity position, reinforce communications with users and aspire to achieve optimum production arrangement to cater for the need of users for delivery of products and reduce production and business risks. Enforce management on progress, quality and capital and reinforce preliminary study and research and internal collaboration for implementation of projects. Strengthen administration of external sub-contracting, materials procurement and workflows to avert risks and ensure completion of construction of overseas projects as scheduled.

— Promote self-innovation with a pragmatic approach

Improve and develop our existing major products in accordance with industry policies and mid to long-term technological development plans of the State and a market-oriented approach. Focus on enhancing self-innovation capability of new energy technology and capturing the vantage point to exercise energy development strategy in the future. Emphasize on accelerating the industrialization of new energy. Make the best of the new economic development featuring low-carbon economy to develop new products and expand new markets.

Propel self-innovation and large-scale, clean and highly efficient development of key technologies and key components for conventional power generation equipment to enhance product quality. Improve research and development competence of core technologies of products such as large-scale hydro power generating units, large-scale thermal power generating units, heavy gas turbines and nuclear power generating units.

Accelerate and promote improvement and industrialization of technical know-how of new energies to cater for the development of low-carbon economy in the international community in the future. Spare no effort to develop technologies for large-scale wind power generation, including new energy technologies for coastal and onshore wind power generation, tidal power generation and biomass generation.

— Continuously promote quality enhancement

In 2010, large-scale market correction and adjustments to product structure, post-disaster reconstruction, mass production of nuclear power, overseas construction projects, the introduction and learning of technologies for producing 100kW ultra-super-critical units, in addition to the mass production of wind power and other projects, will bring new challenges to quality regulation, quality control and after-sales service.

The Company will further strengthen the awareness of quality across the workplace, strike an optimum balance between quality and technology and focus on resolving bottleneck problems including technical restraints in improving product quality, so as to connect quality with technology such that technical development will be driven by quality and product quality will be enhanced by technical development. Complete construction projects with a specific focus, especially on quality control throughout the process of overseas construction projects to ensure construction quality.

— Continue to lift management standards

Reinforce comprehensive risk management to effectively avert risks. Further improve and optimize internal control system.

Further strengthen financial management. Build regulations and improve systems around two major aspects, budget and capital management. Enhance management and scientific preparation of financial budgets. Move forward to enforce centralized capital control to achieve capital efficiency to the fullest.

Strengthen management on investment. Bring disciplined control on the approach, procedures, projects and costs in relation to investments to ensure the best resources for the right purpose. Facilitate supervision and coordination efforts for key projects under construction to ensure that strategic new energy construction projects are put into production as planned.

— Ensure that the new base of Dongfang Turbine is put into production as scheduled

Bearing the target of full completion of reconstruction and commencement of production of Dongfang Turbine in mind, step up organization, leadership and coordination efforts and exercise strict control over investment scale to ensure that the office complex and designated railway are put into operation in the first half of 2010 in accordance with the key construction timeline, in a bid to fully meet construction targets of the new base of Dongfang Turbine.

FINANCIAL ANALYSIS

1. Financial Status

As at 31 December 2009, the current assets of the Company amounted to RMB64,021,339,000 (2008: RMB52,360,037,000). Items with relatively significant changes from last year and the reasons are listed as follows: 1. cash and deposits in banks amounted to RMB14,675,384,000 (2008: RMB11,505,153,000), grew by 27.55% over 2008, which is primarily because 1) the Company successfully raised proceeds of nearly RMB5 billion from the non-public issuance during the year, and 2) the Company strengthened its efforts on loans collection amidst the global financial crisis, resulting in the relatively sufficient monetary funds of the Company at the end of 2009. 2. inventories amounted to RMB27,023,288,000 (2008: RMB20,233,200,000), grew by 33.55% from last year, which is mainly due to 1) the increased parts and components purchased for expanded production of new energy products, especially wind power products of the Company, and 2) consumption of products in process resources for long-cycle projects like nuclear products and 100MW thermal power projects. 3. construction in progress amounted to RMB2,526,814,000 (December 2008: RMB1,450,616,000), grew by 74.18% from the beginning of last year, which is mainly due to 1) the Company's continued utilization of proceeds raised to finance its projects, and 2) the increased infrastructure and equipment for the Company's ongoing construction of post-disaster reconstruction projects.

As at 31 December 2009, the total liabilities of the Company amounted to RMB65,232,774,000 (2008: RMB56,176,726,000). Items with relatively significant changes from last year and the reasons are listed as follows: 1. trade and other payables amounted to RMB47,113,306,000 (2008: RMB31,676,339,000), grew by 48.73% over 2008. The increase is mainly attributable to more payables to suppliers for surging productive material purchases, to cater for high output in recent years, the undersupply of certain key resources around the world and a heavily loaded production schedule; 3. accounts payable to parent amounted to RMB1,587,907,000 (2008: RMB3,625,908,000), reduced by 56.20% over 2008, which is mainly composed by the Company's payment of part of the consideration for the acquisition of the residual 31.61% equity interest in Dongfang Boiler; 4. the liabilities of the Company was estimated to be RMB585,455,000 (2008: RMB332,966,000), which is mainly due to the significant increase in estimated liabilities incurred from sales of wind power as the Company's sales revenue from wind power increased substantially.

During the reporting period, profit attributable to shareholders of the Company increased by RMB1,255,698,000 from last year, mainly attributable to asset loss of RMB1,535,517,000 in the "5.12" earthquake during the same period last year.

2. Cash Flow

As at 31 December 2009, the cash and cash equivalents of the Company recorded a net increase of RMB3,172,538,000 over last year. The increase is mainly attributable to our active receivable collection and the rapid recovery of trade receivables during the year. However, the increase in expense of purchase business corresponding to the expansion in production and operation decreased net cash generated from operating activities to RMB2,472,574,000, reduced by 33.89% over the same period last year. Moreover, the Company raised proceeds of nearly RMB5,000 million from the non-public issuance of new A Shares in 2009, uplifted our overall cash flow.

3. Borrowings

As at 31 December 2009, the Company held bank borrowings of RMB467,306,000 due within one year, and RMB615,000,000 due more than one year. Loans, cash and cash equivalents held by the Company are denominated in Renminbi. The Company maintains sound financing capacity on the back of healthy credit status and future sustainable profitability.

4. Gearing Ratio

As at the end of 2009, gearing ratio of the Company was 87.82%, representing a decrease of 7.98 percentage points from 95.8% as at the end of 2008. The decrease is mainly attributable to the improvement in capital structure as a result of the proceeds of nearly RMB5 billion raised from the non-public issuance in 2009, and the writing off of over 15 assets of Dongfang Turbine, a subsidiary of the Company, as at the end of 2008 due to the earthquake.

5. During the year, the Company did not pledge any asset.

6. Risk in Exchange Rate Fluctuation and any related Hedging

In 2009, the stable global foreign exchange market witnessed fluctuation of exchange rates of Reminbi against US dollar and euro within a normal range. It is expected that multiple regional reserve currency systems will emerge around the world after the financial storm, which will gradually replace the single US dollar reserve system in the future. With wider and deeper global presence of the Company, Renminbi exchange rate is playing a more and more important role in its business. Given the complicated and volatile international financial situation and the actual operation of its own, the Company proactively adopted financial leverage instruments including forward exchange settlement in its international projects in 2009 to limit the risks arising from exchange rate.

7. Contingent Liabilities

The contractual dispute litigation between Guangzhou Economic and Technological Development District Construction and Supervision Co., Ltd.(廣州經濟技術開發區建設監理有限公司) and DFHM.

In February 2005, Guangzhou Economic and Technological Development District Construction and Supervision Co., Ltd. and DFHM entered into the Management Contract on Project Construction. Subsequently, the parties had disputes on the payment in respect of the clause "settlement and review compensation awards(結算審核獎勵報酬)" stipulated in the Management Contract and failed to reach an agreement. In February 2009, Guangzhou Economic and Technological Development District Construction and Supervision Co., Ltd. filed an action to the People's Court of Nansha District, requesting DFHM to pay the deferred service fee of RMB360,000, the additional service fee for Phase I improvement project of RMB600,000 and settlement and review compensation awards(結算審核獎勵報酬) RMB6,955,700, totaling RMB7,915,720. As at the date of this financial report, the case is still pending for judgment.

I. INVESTMENT DURING THE REPORTING PERIOD

1. Use of Proceeds

Unit: 0'000 Currency: RMB

Year of proceeds	Method	Total amount	Total amount used in the year	Total amount used accumulatively	Total amount of remaining proceeds	Use and purpose for remaining proceeds
2009	Non-public issuance of shares	499,987.00	321,654.30	321,654.30	178,332.70	The remaining proceeds are deposited in special account for the projects funded by proceeds
2008	Public issuance of new shares	129,734.60	59,065.51	59,065.51	70,669.09	The remaining proceeds are deposited in special account for the projects funded by proceeds

2. Projects unrelated to Raised Proceeds

Unit: 0'000 Currency: RMB

No.	Name of project	Major content of the project	Total investment	Unit in charge	Aggregate amount invested by December	Image progress
1	Medium Power Equipment Project (Phase I)	Annual production capacity of 1,000 sets of wind power generating and nuclear power main cold pump generators （核電主冷泵電機） with the capacity of 2,166MW. Acquisition of approximately 224 acres of land and completion of new combined plants for processing and assembly of equipment and complex office buildings of the Company covering approximately 37,536m^2. Purchase of 68 sets of new equipment.	48,180	Dongfang Electrical Machinery Company Limited	21,384	Plants and office buildings has already passed inspection and started operation, over half of the greenery work completed and roads in regions pending for asphalting.
2	DEC (Wuhan) Nuclear Equipment Company Limited Expansion Project	Acquisition of approximately 74 acres of land and completion of new plants, office buildings, canteens and dorms for shift covering approximately 21,010m^2. Addition of certain key equipment. Annual production capacity of 4 inner reactor component sets.	44,165	DEC (Wuhan) Nuclear Equipment Company Limited	7,060	Foundation work completed and main structure of plants and ancillary buildings completed.

3	DEC Seaside Workshop Constriction Phase III Project（東方電氣出海口基地三期工程建設項目）	Introduction of key equipment such as large plate bending rolls and narrow gap automatic welding machines, addition of major equipment such as submerged arc automatic welding machines and automatic grinding machines. Completion of the new two combinations and five crossovers of plants（聯二廠房五跨）. Completion of the new gross floor area of 56,640m^2. Expansion of canteens by approximately 1,793m^2. Roads in plants area, greenery and regional power lines etc.	90,201	Dongfang Electric (Guangzhou) Heavy Duty Machinery Co., Ltd	33,821	Foundation work completed, main structure completed and color coated steel partially completed.

PURCHASE, SALES OR REDEMPTION OF SHARES

Save for the disclosed issue of shares and listing in "Raised Proceeds Projects" above, as at the end of the reporting period, the Company, its subsidiaries or entities collectively controlled by the Company did not purchase, sell or redeem any of the shares of the Company.

EXTERNAL GUARANTEE AND PERFORMANCE

As at the end of the reporting period, the Company was not involved in any external guarantee and performance of any guarantee.

MATERIAL LITIGATION AND ARBITRATION

As at the end of the reporting period, the Company was not involved in any material litigation and arbitration.

DESIGNATED DEPOSIT AND UNRECOVERABLE OVERDUE FIXED DEPOSIT

As at the end of the reporting period, the Company did not have any designated deposit and unrecoverable overdue fixed deposit.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE PRACTICES

During the reporting period, the directors were not aware of any information which can reasonably indicate that the Company was not in compliance with the requirements of the Code of Corporate Governance Practices under Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited at all times during the reporting period. Details of compliance are set out in the Corporate Governance Report contained in the annual report for the year 2009.

COMPLIANCE WITH THE MODEL CODE

During the reporting period, the Company adopted a code of conduct regarding securities transactions of directors on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Companies under Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Upon specified enquiry to all the directors of the Company, all directors have expressed that they have complied with the aforesaid Model Code.

AUDIT COMMITTEE

The Board had set up an Audit Committee in accordance with Rule 3.21 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Audit Committee had reviewed the audited annual results of the Company for the year 2009.

By order of the Board
Dongfang Electric Corporation Limited
Si Zefu
Chairman

Chengdu, Sichuan, the PRC
15 April 2010

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

Executive Directors:	Si Zefu, Wen Shugang and Zhu Yuanchao
Non-executive Directors:	Zhang Xiaolun, Huang Wei and Zhang Jilie
Independent Non-executive Directors:	Li Yanmeng and Zhao Chunjun

In obedience to requirements of paragraphs 45(1) to (3) under Appendix 16 of the Listing Rules, the annual results announcement in detail will be published on the website (http://www.hkex.com.hk) of The Stock Exchange of Hong Kong Limited shortly.