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)

PRELIMINARY ANNOUNCEMENT OF 2011 INTERIM RESULTS AND PROPOSED AMENDMENT TO ARTICLES OF ASSOCIATION

RESULTS HIGHLIGHTS

Total revenue from operations in the first half of 2011 amounted to RMB19,759 million, representing an increase of 16.84% compared with the same period last year;

Net profit attributable to shareholders of the Company in the first half of 2011 amounted to RMB1,538 million, representing an increase of 53.42% compared with the same period last year;

Earnings per share in the first half of 2011 amounted to RMB0.77, as compared with RMB0.50 for the same period last year;

New orders in the first half of 2011 amounted to RMB23,600 million, exceeding the amount for the same period last year.

The Board (the “Board”) of Directors (the “Directors”) of Dongfang Electric Corporation Limited (the “Company”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2011 (the “Period”) prepared under Accounting Standards for Business Enterprises in the People’s Republic of China (the “PRC”). The interim financial information has been reviewed by the Audit Committee of the Company.

In accordance with the “Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong” (《有關接受在香港上市的內地註冊成立公司採用內地的會計及審計準則以及聘用內地會計師事務所的咨詢總結》) published by the The Stock Exchange of Hong Kong Limited(the “Stock Exchange”) in December 2010, and corresponding amendments to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), domestic audit firms as approved by the Ministry of Finance and CSRC, may adopt the PRC accounting standards when providing service to the issuers incorporated in the PRC for the year ending on or after 31 December 2010. Therefore, at the 2010 annual general meeting of the Company convened on 17 May 2011, the adoption of China Accounting Standards for Business Enterprises and the appointment of ShineWing Certified Public Accountants as the auditors of the Company auditing the Company’s financial statements for the year 2011 in accordance with China Auditing Standards and to undertake all such activities as required to be performed by overseas auditors under the Listing Rules were approved as an ordinary resolution of the Company. Starting from 2011, the financial statements of the Company will be prepared in accordance with Accounting Standards for Business Enterprises and relevant regulations.

I. FINANCE INFORMATION

Consolidated Balance Sheet

Unit: RMB

Item	*Note*	**As at 30 June 2011**	As at 31 December 2010
Current assets:			
Monetary fund		**10,781,947,568.49**	13,754,295,282.20
Balances with clearing companies		**—**	—
Placements with banks and other financial institutions		**—**	—
Held-for-trading financial assets		**88,864,912.29**	56,590,975.14
Bills receivable		**1,784,135,004.30**	1,381,939,792.38
Trade receivables	2	**14,068,628,761.47**	11,708,888,636.30
Prepayments		**7,658,569,064.50**	7,515,877,756.27
Premiums receivable		**—**	—
Reinsurance accounts receivable		**—**	—
Deposits receivable from reinsurance treaty		**—**	—
Interests receivable		**16,200,612.65**	41,329,431.88
Dividends receivable		**—**	—
Other receivable		**428,644,373.94**	419,729,277.00
Purchases of resold financial assets		**—**	—
Inventories		**38,443,670,236.99**	34,580,411,051.57
Non-current assets due within one year		**—**	—
Other current assets		**—**	—
Total current assets		**73,270,660,534.63**	69,459,062,202.74
		—	—

Non-current assets:		
Entrusted loans and advances granted	**—**	—
Available-for-sale financial assets	**307,929,272.32**	381,049,885.44
Held-to-maturity investments	**—**	—
Long-term receivables	**—**	—
Long-term equity investments	**377,557,841.14**	325,461,609.16
Investment properties	**29,940,896.13**	30,761,360.47
Fixed assets	**9,161,245,052.70**	8,877,686,305.79
Construction in progress	**1,398,875,462.06**	1,492,714,510.97
Construction materials	**169,875.22**	113,464.96
Disposals of fixed assets	**1,370,853.52**	1,090,452.80
Biological assets for production	**—**	—
Fuel assets	**—**	—
Intangible assets	**963,512,137.29**	975,603,071.61
Development expenses	**—**	—
Goodwill	**—**	—
Long-term deferred expenditures	**1,528,618.31**	1,686,621.68
Deferred income tax assets	**795,529,746.16**	707,659,026.96
Other non-current assets	**—**	—
Total non-current assets	**13,037,659,754.85**	12,793,826,309.84
Total assets	**86,308,320,289.48**	82,252,888,512.58

Current liabilities:			
Short-term borrowings		**2,330,000,000.00**	2,335,000,000.00
Borrowings from central bank		**—**	—
Deposit taking and deposit in inter-bank market		**—**	—
Placements from banks and other financial institutions		**—**	—
Held-for-trading financial liabilities		**—**	5,305,823.49
Bills payable		**3,358,084,247.17**	3,570,917,414.24
Trade payables	3	**13,289,741,964.89**	11,108,250,924.51
Receipts in advance		**49,587,420,504.01**	47,689,085,886.68
Disposal of repurchased financial assets		**—**	—
Handling charges and commissions payable		**—**	—
Staff remuneration payable		**390,379,302.67**	467,583,217.28
Taxes payable		**346,223,859.48**	1,350,337,731.84
Interests payable		**—**	800,710.61
Dividends payable		**1,560,249.58**	2,538,041.97
Other payable		**1,900,323,774.51**	1,936,292,789.40
Reinsurance accounts payable		**—**	—
Deposits for insurance contracts		**—**	—
Customer deposits for trading in securities		**—**	—
Amounts due to issuer for securities underwriting		**—**	—
Non-current liabilities due within one year		**31,320,000.00**	31,320,000.00
Other current liabilities		**100,636,400.49**	121,973,441.06
Total current liabilities		**71,335,690,302.80**	68,619,405,981.08

Non-current liabilities:			
Long-term borrowings		**325,808,428.01**	275,808,428.01
Debentures payable		**—**	—
Long-term payable		**685,252.84**	685,252.84
Special payable		**—**	—
Estimated liabilities		**835,733,848.79**	833,643,848.31
Deferred income tax liabilities		**16,102,362.39**	15,648,298.79
Other non-current liabilities		**725,762,790.51**	723,314,185.60
Total non-current liabilities		**1,904,092,682.54**	1,849,100,013.55
Total liabilities		**73,239,782,985.34**	70,468,505,994.63
Owners' equity (shareholders' equity):			
Paid-up capital (or share capital)		**2,003,860,000.00**	2,003,860,000.00
Capital reserve		**5,074,256,173.33**	5,094,255,444.33
Less: Treasury stock		**—**	—
Special reserve		**—**	—
Surplus reserve		**151,942,714.52**	151,942,714.52
General risk provision		**—**	—
Undistributed profit	4	**5,071,006,630.93**	3,793,595,551.57
Foreign currency translation difference		**-6,094,389.68**	-4,899,420.20
Total owners' equity attributable to the Company		**12,294,971,129.10**	11,038,754,290.22
Minority interests		**773,566,175.04**	745,628,227.73
Total owners' equity		**13,068,537,304.14**	11,784,382,517.95
Total liabilities and owners' equity		**86,308,320,289.48**	82,252,888,512.58

Consolidated income statement

Unit:RMB

Item		*Note*	For the six months ended 30 June **2011**	 2010
I.	**Total revenue from operations**		**19,759,214,532.88**	16,911,367,827.06
	Including: revenue from operations	5	**19,759,214,532.88**	16,911,367,827.06
	Interest income		**—**	—
	Insurance premiums earned		**—**	—
	Income from fees and commissions		**—**	—
II.	**Total cost of operations**		**18,124,177,954.14**	15,807,302,086.85
	Including: Cost of operations		**15,632,770,296.23**	13,888,567,855.86
	Interest expenses		**—**	—
	Fee and commission expenses		**—**	—
	Surrender payment		**—**	—
	Net expenditure for compensation payments		**—**	—
	Net provision for insurance contracts		**—**	—
	Expenditures for insurance policy dividend		**—**	—
	Reinsurance costs		**—**	—
	Business tax and surcharge		**94,778,159.41**	108,758,815.44
	Selling expenses		**353,004,746.29**	337,320,837.82
	Administrative expenses		**1,511,721,483.56**	1,125,084,350.99
	Finance costs		**-27,551,873.67**	-8,981,125.78
	Impairments loss of assets		**559,455,142.32**	356,551,352.52
	Add: Gains from change in fair value (loss is represented by "-")		**32,135,104.90**	11,586,290.09
	Gain from investment (loss is represented by "-")		**55,360,755.74**	11,769,243.98

Including: Gains from investment in associates and joint ventures		**37,096,231.98**	11,769,243.98
Gains from exchange (loss is represented by "-")		**—**	—
III. Operating profit (loss is represented by "-")		**1,722,532,439.38**	1,127,421,274.28
Add: Non-operating income		**55,667,398.77**	57,686,428.77
Less: Non-operating expense		**3,562,293.87**	32,491,930.65
Including: Loss from disposal of non-current assets		**1,949,466.71**	834,223.97
IV. Total profit (total loss is represented by "-")		**1,774,637,544.28**	1,152,615,772.40
Less: Income tax expense	7	**206,336,717.61**	113,540,235.72
V. Net profit (net loss is represented by "-")		**1,568,300,826.67**	1,039,075,536.68
Net profit attributable to the owners of the Company		**1,537,912,879.36**	1,002,431,970.35
Minority interests		**30,387,947.31**	36,643,566.33
VI. Earnings per share:	8		
(I) Basic earnings per share		**0.77**	0.50
(II) Diluted earnings per share		**0.77**	0.50
VII. Other comprehensive income		**-21,194,240.48**	-353,504.38
VIII. Total comprehensive income		**1,547,106,586.19**	1,038,722,032.30
Total comprehensive income attributable to the owners of the Company		**1,516,718,638.88**	1,002,078,465.97
Total comprehensive income attributable to minority interests		**30,387,947.31**	36,643,566.33

Notes:

1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the requirements of "Accounting Standards for Business Enterprises-Basic Standard" and 38 Specific Standards issued by the Ministry of Finance (MOF) on 15 February 2006, application guidance and interpretations thereof and other relevant accounting regulations issued thereafter (collectively referred to as "Accounting Standards for Business Enterprises" or "CAS"). These financial statements also comply with the disclosure requirements of the "Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No. 15 -General Provisions on Financial Reporting (revised 2010)" issued by the China Securities Regulatory Commission.

2. TRADE RECEIVABLES

Unit: RMB

	As at 30 June 2011			As at 31 December 2010		
	Carrying amount		**Provision for**	Carrying amount		Provision
Age	**Amount**	**Percentage**	**bad debts**	Amount	Percentage	for bad debts
		(%)			*(%)*	
Within one year	**8,294,440,262.79**	**49.52**	**414,722,013.14**	6,793,984,715.50	48.90	339,699,235.79
One to two years	**3,855,711,160.23**	**23.02**	**385,571,116.02**	3,109,693,242.62	22.38	310,969,324.26
Two to there years	**1,785,406,518.85**	**10.66**	**357,081,303.77**	1,912,959,847.67	13.77	382,591,969.54
Three to four years	**1,387,004,795.82**	**8.28**	**554,801,918.35**	1,012,803,441.29	7.29	405,121,376.50
Four to five years	**922,508,750.16**	**5.51**	**464,266,375.10**	649,906,,590.62	4.58	332,077,295.31
Above five years	**503,062,538.14**	**3.01**	**503,062,538.14**	428,761,220.58	3.08	428,761,220.58
Total	**16,748,134,025.99**	**100.00**	**2,679,505,264.52**	13,908,109,058.28	100	2,199,220,421.98

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 of two to three years to large or long-established customers with good repayment history.

For sales of products, settlement is made in accordance with the terms specified in the contracts governing the relevant transactions. 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.

3. TRADE PAYABLES

(1) Description of trade payables

Unit: RMB

Item	As at 30 June 2011	As at 31 December 2010
Trade payable	**13,289,741,964.89**	11,108,250,924.51
Total	**13,289,741,964.89**	11,108,250,924.51

(2) Ageing analysis of trade payables

Unit: RMB

	As at 30 June 2011		As at 31 December 2010	
Age	**Amount**	**Percentage (%)**	Amount	Percentage (%)
Within one year	**11,416,975,313.28**	**85.91**	9,440,369,314.67	84.98
One to two years	**1,082,934,666.64**	**8.15**	1,171,601,272.40	10.55
Two to there years	**603,853,203.41**	**4.54**	426,695,971.93	3.84
Above three years	**185,978,781.56**	**1.40**	69,584,365.51	0.63
Total	**13,289,741,964.89**	**100.00**	11,108,250,924.51	100.00

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.

4. UNDISTRIBUTED PROFIT

Unit: RMB

Item	As at 30 June 2011	As at 31 December 2010
Undistributed profit at 31 December 2010, before adjustment	**3,793,595,551.57**	1,569,418,629.72
Add: adjustment on undistributed profits at 1 January 2011	**0.00**	-62,792,444.56
Undistributed profit at 1 January 2011, after adjustment	**3,793,595,551.57**	1,506,626,185.16
Add: net profit attributable to owners of the Company for the Period	**1,537,912,879.36**	2,576,974,795.23
Less: Withdrawn statutory surplus reserves	**0.00**	113886454.45
Dividends payable on ordinary shares	**260,501,800.00**	160,308,800
Others		15,810,174.37
Undistributed profit at 30 June 2011	**5,071,006,630.93**	3,793,595,551.57

5. REVENUE FROM OPERATIONS

Unit: RMB

Item	For the six months ended 30 June 2011	2010
Revenue from principal operations	**19,521,996,033.45**	16,613,435,530.93
Revenue from other operations	**237,218,499.43**	297,932,296.13
Total revenue from operations	**19,759,214,532.88**	16,911,367,827.06

6. INVESTMENT INCOME

Unit: RMB

	For the six months ended 30 June	
	2011	2010
Gain from long-term equity investments accounted for using the equity method	**37,096,231.98**	11,769,243.98
Investment gain generated during the period of holding the held-for-trading financial assets	**301,359.90**	—
Investment gain generated during the period of holding of available-for-sale financial assets	**11,488,788.80**	—
Investment gain from disposal of held-for-trading financial assets	**5,345,732.83**	—
Investment gain from disposal of available-for-sale financial assets	**1,074,178.70**	—
Others	**54,463.53**	—
Total	**55,360,755.74**	11,769,243.98

The investment income from disposal of investment or properties for the period amounted to RMB6,419,911.53 (the same period last year: nil). Investment income from associated enterprises and joint ventures for the period amounted to RMB37,096,231.98 (the same period last year: RMB11,769,243.98).

7. INCOME TAX EXPENSES

Unit: RMB

Item	For the six months ended 30 June **2011**	2010
Current income tax calculated according to tax laws and relevant regulations	**243,288,471.85**	154,897,937.75
Deferred income tax adjustment	**-36,951,754.24**	-41,357,702.03
Total	**206,336,717.61**	113,540,235.72

Notes:

(1) DEC Dongfang Electric Machinery Co., Ltd. ("DFEM") satisfies the relevant certification conditions for national high-tech enterprises, and obtained the Certificate for High-Tech Enterprises (No. GR20095100306) on 28 December 2009, which was issued jointly by the Science & Technology Department of Sichuan Province, the Finance Department of Sichuan Province, the Sichuan Provincial Office of SAT, and the local taxation bureau. The company is entitled to a preferential rate of 15% for enterprise income tax of high-tech enterprises for 2011.

(2) DEC Dongfang Turbine Co., Ltd ("Dongfang Turbine") satisfies the relevant certification conditions for national high-tech enterprises, and obtained the Certificate for High-Tech Enterprises (No. GR20095100307) on 28 December 2009, which was issued jointly by the Science & Technology Department of Sichuan Province, the Finance Department of Sichuan Province, the Sichuan Provincial Office of SAT, and the local taxation bureau. The company is entitled to a preferential rate of 15% for enterprise income tax of high-tech enterprises for 2011.

(3) DEC Dongfang Boiler Group Co., Ltd. ("Dongfang Boiler") satisfies the relevant certification conditions for national high-tech enterprises, and obtained the Certificate for High-Tech Enterprises (No. GR200851000483) on 30 December 2008, which was issued jointly by the Science & Technology Department of Sichuan Province, the Finance Department of Sichuan Province, the Sichuan Provincial Office of SAT, and the local taxation bureau. At present, Dongfang Broiler is under review, and the management considers it will pass the review, therefore, the 15% rate will still be adopted for payment of enterprise income tax for 2011.

(4) Dongfang (Guangzhou) Heavy Machinery Co., Ltd. ("DFHM") satisfies the relevant certification conditions for national high-tech enterprises, and obtained the Certificate for High-Tech Enterprises (No. GR201044000150) on 26 September 2010, which was issued jointly by the Science & Technology Department of Guangdong Province and the Finance Department of Guangdong Province, the Guangdong Provincial Office of SAT, and the local taxation bureau. The company is entitled to a preferential rate of 15% for enterprise income tax of high-tech enterprises for 2011.

(5) Shenzhen Dongfang Boiler Control Co., Ltd. satisfies the relevant certification conditions for national high-tech enterprises, and obtained the Certificate for High-Tech Enterprises (No. GR200944200022) on 27 June 2009, which was issued jointly by the Shenzhen Local Taxation Bureau, the Shenzhen Municipal Office of SAT, the Shenzhen Municipal Bureau of Finance, and the Shenzhen Bureau of Science, Technology & Information. The company is entitled to a preferential rate of 15% for enterprise income tax of high-tech enterprises for 2011.

(6) Chengdu Dongfang KWH Catalysts Co., Ltd. satisfies the relevant certification conditions for national high-tech enterprises, and obtained the Certificate for High-Tech Enterprises (No. GR200951000220) on 28 December 2009, which was issued jointly by the Science & Technology Department of Sichuan Province, the Finance Department of Sichuan Province, the Sichuan Provincial Office of SAT, and the local taxation bureau. The company is entitled to a preferential rate of 15% for enterprise income tax of high-tech enterprises for 2011.

8. EARNINGS PER SHARE

Unit: RMB

	For the six months ended 30 June	
	2011	2010
Basic earnings per share is calculated as follows:		
Earnings		
Net profit attributable to owners of the Company	**1,537,912,879.36**	1,002,431,970.35
Shares		
The weighted average number of the Company's ordinary shares in issue	**2,003,860,000**	2,003,860,000
Basic earnings per share	**0.77**	0.50

Diluted earnings per share was the same as basic earnings per share for the Periodas there were no diluting events (For the six months ended 30 June 2010: nil) existed during the Period.

9. SEGMENT INFORMATION

Business segments from January to June 2011

Unit: RMB

Item	High Efficiency and Clean Energy	New Energy	Hydro power and Environmental Protection Equipments	Construction and Services	Unallocated	Eliminations	Total
Revenue from operations	**14,349,766,675.62**	**4,983,116,978.44**	**1,279,749,408.86**	**2,430,937,217.59**	**237,218,499.43**	**3,521,574,247.06**	**19,759,214,532.88**
Including: external sales	**11,569,712,135.12**	**4,241,930,280.42**	**1,279,749,408.86**	**2,430,604,209.05**	**237,218,499.43**	—	**19,759,214,532.88**
Inter-segment sales	**2,780,054,540.50**	**741,186,698.02**	—	**333,008.54**	—	**3,521,574,247.06**	—
Operating expenses	**12,038,738,415.88**	**4,160,217,486.27**	**1,045,284,950.20**	**1,790,332,426.87**	**1,653,496,161.99**	**2,651,387,347.71**	**18,036,682,093.50**
Operating profit (losses)	**2,311,028,259.74**	**822,899,492.17**	**234,464,458.66**	**640,604,790.72**	**-1,416,277,662.56**	**870,186,899.35**	**1,722,532,439.38**
Total assets	—	—	—	—	**112,950,605,886.46**	**26,642,285,596.98**	**86,308,320,289.48**
Total liabilities	—	—	—	—	**90,263,921,340.99**	**17,024,138,355.65**	**73,239,782,985.34**
Supplemental information:	—	—	—	—	—	—	—
Depreciation and amortisation expenses	—	—	—	—	**568,117,442.85**	—	**568,117,442.85**
Capital expenditure	—	—	—	—	—	—	—
Non-cash expenses other than depreciation and amortisation	—	—	—	—	—	—	—

Business segments from January to June 2010

Item	High Efficiency and Clean Energy	New Energy	Hydro power and Environmental Protection Equipments	Construction and Services	Unallocated	Eliminations	Total
Revenue from operations	11,109,305,866.61	4,887,272,975.16	1,256,351,523.53	1,302,040,028.27	297,932,296.13	1,941,534,862.64	16,911,367,827.06
Including: external sales	9,881,433,465.22	4,173,610,513.91	1,256,351,523.53	1,302,040,028.27	297,932,296.13	—	16,911,367,827.06
Inter-segment sales	1,227,872,401.39	713,662,461.25	—	—	—	1,941,534,862.64	—
Operating expenses	9,345,679,462.09	3,957,374,789.95	1,107,329,238.10	1,240,386,069.87	1,246,539,347.66	1,113,362,354.89	15,783,946,552.78
Operating profit (losses)	1,763,626,404.52	929,898,185.21	149,022,285.43	61,653,958.40	-948,607,051.53	828,172,507.75	1,127,421,274.28
Total assets	—	—	—	—	105,980,609,903.55	28,342,138,981.38	77,638,470,922.17
Total liabilities	—	—	—	—	86,772,118,764.21	19,067,163,155.64	67,704,955,608.57
Supplemental information:	—	—	—	—	—	—	—
Depreciation and amortisation expenses	—	—	—	—	379,899,680.42	—	379,899,680.42
Capital expenditure	—	—	—	—	—	—	—
Non-cash expenses other than depreciation and amortisation	—	—	—	—	—	—	—

10. NET CURRENT ASSETS

Unit: RMB

Item	**As at 30June 2011**	As at 31 December 2010
Current Assets	**73,270,660,534.63**	69,459,062,202.74
Less: Current Liabilities	**71,335,690,302.80**	68,619,405,981.08
Net current assets	**1,934,970,231.83**	839,656,221.66

11. TOTAL ASSETS LESS CURRENT LIABILITIES

Unit: RMB

Item	**As at 30 June 2011**	As at 31 December 2010
Total Assets	**86,308,320,289.48**	82,252,888,512.58
Less: Current Liabilities	**71,335,690,302.80**	68,619,405,981.08
Total Assets less Current Liabilities	**14,972,629,986.68**	13,633,482,531.50

12. DIVIDEND

The Board does not recommend the payment of interim dividends for the Period. (Interim dividend for the same period 2010: Nil) .

II. MANAGEMENT DISCUSSION AND ANALYSIS

(I) Discussion and Analysis on the Overall Operations during the Period

The year 2011 is the first year for the implementation of the "12th Five-Year Plan". In the first half of 2011, in thoroughly following the annual work guidelines of "adjusting structures, driving innovation, strengthening management, and enhancing quality", the Company vigorously carried out various work in respect of production, operation and management and achieved remarkable operating results, with substantial growth in sales revenue, output and profit as compared with the same period last year. All this has laid a solid foundation for the smooth attainment of the full-year business objectives.

Continued growth in sales revenue and profit

During the Period, in accordance with the CAS, the Company recorded a total operating revenue of RMB19,759 million, representing an increase of 16.84% over the same period last year; net profit attributable to shareholders of the Company of RMB1,538 million, representing an increase of 53.42% over the same period last year; earnings per share of RMB0.77, representing an increase of 53.42% over the same period last year; and gross profit margin for principal operations of 20.43%, representing an increase of 2.95 percentage points over the same period last year.

Production targets successfully accomplished

During the Period, the Company produced power generaton equipments with total capacity of 21,131.5MW, representing a year-on-year increase of 25.8% and scaling a new high in a timeframe of half a year, including 11 hydro-electric turbine generator sets (2,487.5MW), 32 steam turbine generators (17,738MW), 587 wind power generation sets (906MW), 26 power station boilers (11,493MW) and 56 power station steam turbines (21,272MW).

Outstanding results in market exploration

During the Period, despite an unstable nuclear power market and shrinking wind power market, the Company still procured new orders amounting to RMB23.6 billion, well above that of the same period last year. Among the new orders, exports accounted for 44.2%, or around US$1.6 billion, giving strong support to the Company's strategy of "going international". Among the new orders, high-efficiency clean energy accounted for 42.7%, new energy 7%, water energy and environmental protection 5.6%, and engineering and service industry 44.7%. As at 30 June 2011, the Company's orders on hand exceeded RMB150 billion, among which high-efficiency clean energy accounted for 58.7%, new energy 11.9%, water energy and environmental protection 9.9%, engineering and service industry 19.5%. Exports accounted for 22.8% of all of the Company's orders on hand.

During the Period, the thermal power market showed positive signs and the gas turbine market demonstrated robust demands. Orders from overseas markets increased noticeably and orders from the hydro power market maintained steady growth. The Company also entered into certain material contracts concerning a batch of key thermal power projects of the state, Dazhou 2×350 MW gas turbine project, BTG project with Abhijeet Group in India, wild goose hydro power project in Iran, and the low pressure heater supply contract for nuclear power plants with the Electricite De France (EDF).

Proactive response to the impact of the Fukushima nuclear crisis

After the breakout of the Fukushima nuclear leakage in Japan, the Company paid keen attention to its impact on the nuclear power market. It organized relevant personnel to study and analyze the possible influence of the Japanese earthquake and nuclear crisis on the production and operation of the Company, and actively communicated with project owners, suppliers and subcontractors. Further, the Company established a task force to conduct specific inspections on nuclear safety quality of the civil nuclear island equipment and conventional island equipment manufactured by enterprises affiliated to the Company, raising the nuclear safety awareness of all the staff, and advancing nuclear power production plans as per clients' requirements, in an attempt to minimize the influence of the Japanese nuclear crisis on the production and operation of the Company.

Made best efforts to tap international markets

During the Period, the Company's construction in progress proceeded well, with notable increase in sales revenue and profit. In January to June 2011, operating income from engineering projects amounted to RMB2.022 billion, representing an increase of 121.35%. The Company secured US$1.6 billion of new orders for overseas projects in the first half of the year. To better implement the strategy of "going international", the Company consolidated its Engineering Branch and the Import & Export Branch and renamed the new firm as "Dongfang Electric Corporation Limited International Engineering Branch". The International Engineering Branch will play a leading role in the Company's strategy of "going international" and accumulated experiences in enhancing the internationalized operation standards of the Company, aiming to become an industrial segment which will bolster the Company's development in the future.

(II) Main Businesses and Their Operations

1. *Principal Operations by Industry and Product*

Unit: RMB

	For the six months ended 30 June 2011			The six months ended 30 June 2011 vs the six months ended 30 June 2010		
Industry/Product	Operating Revenue	Operating Cost	Operating profit margin (%)	Increase/decrease in operating revenue (%)	Increase/decrease in operating cost (%)	Increase/decrease in operating profit margin (%)
By Industry						
Manufacture of power generaton equipments	19,521,996,033.45	15,534,157,287.04	20.43	17.51	13.31	2.95
By Product						
High efficiency and clean power generation equipments	11,569,712,135.12	9,286,294,070.00	19.74	17.09	14.39	1.89
New energy	4,241,930,280.42	3,419,030,788.25	19.4	1.64	5.4	-2.88
Water energy and environmental equipments	1,279,749,408.86	1,045,284,950.20	18.32	1.86	-5.6	6.46
Engineering and service	2,430,604,209.05	1,783,547,478.59	26.62	86.68	43.79	21.88

Descriptions of Principal Operations by Industry and Product:

From perspective of comprehensive gross profit margin, the Company's comprehensive gross profit margin of principal operations for the Period was 20.43%, increasing by 2.95 percentage points compared with 17.48% for the same period last year, and by 0.50 percentage points as compared with 2010. The sustained rise in the gross profit margin was mainly attributed to the Company's adjustment of the industrial structure and the actual results achieved in further implementation of cost reduction, efficiency enhancement, revenue increase and expenditure cutting. From perspective of products, the gross profit margin of new energy for the Period was 19.40%, representing a decrease of 2.88 percentage points as compared with 22.28% for the same period last year, and a decrease of 2.43 percentage points as compared with 2010, mainly attributable to the year-on-year decrease in the sales price of wind power products during the Period. The gross profit margin of engineering and service for the Period was 26.62%, representing an increase of 21.88 percentage points as compared with the same period last year, and an increase of 4.18 percentage points as compared with 2010, mainly due to changes in structure of the engineering project during the Period.

2. ***Principal Operations by Region***

Unit: RMB

Region	For the six months ended 30 June 2011 Operating Revenue	The six months ended 30 June 2011 vs the six months ended 30 June 2010 Increase/decrease in operating revenue *(%)*
PRC	17,687,884,368.64	12.61
Overseas	1,834,111,664.81	102.24

3. *Problems and Obstacles in Operation*

Since the beginning of this year, 1) as the nuclear crisis in Japan exerted profound influence on the global nuclear power industry, the state has suspended examination and approval of the nuclear power projects, which brought uncertainties to the development of the nuclear power business of the Company; 2) as competition in the wind power market has turned white-hot, continued drops in wind power prices have posed more challenges to the production and operation of wind power; 3) affected by the state policies and insufficient capital financed by owners of power projects, the construction progress of certain power projects became uncertain, making it more difficult to recover loans and arrange production schedules.

4. *Material Events*

There has been no event since the end of the Period which materially affected the Company and its subsidiaries.

5. *Outlook for the Second Half of the Year*

In the second half of 2011, the Company will spare no efforts to explore both domestic and overseas markets, maintain and expand market shares by leveraging the rally of thermal power, hydro power and gas turbine projects. Meanwhile, the Company will continue to consolidate such traditional markets as India and Vietnam on top of the achievements in overseas markets expansion in the first half of the year, and aggressively make forays into markets like South America and Africa. In addition, the Company will further explore the new energy sector, and turn crises into opportunities. By seizing the opportunity of fast-growing engineering projects, it will continually optimize the industrial structure and boost its core competitiveness and risk resistance capacity through sustained technological innovation and development of new products, so as to fulfil new breakthroughs.

(III) Financial Analysis

Analysis on changes in balance sheet during the Period

Changes in composition of assets:

Unit: RMB00'000'000

Items	As at 30 June 2011	As at 31 December 2010	Increase/ decrease %
Monetary fund	**107.82**	137.54	-21.61
Bills receivable	**17.84**	13.82	29.09
Trade receivable	**140.69**	117.09	20.16
Taxes payable	**3.46**	13.50	-74.37

Analysis on reasons for the changes:

1. Monetary fund decreased by 21.61% as compared with the beginning of the Period, mainly attributable to the significant decrease in payments for goods received by the Company during the Period.

2. Bills receivable increased by 29.09% as compared with the beginning of the Period, mainly attributable to more bills settled by customers during the Period.

3. Trade receivable increased by 20.16% as compared with the beginning of the Period, mainly attributable to the increase in amount due from customer for settlement of contracts and retention for construction contracts as a result of the growth of the Company's operating revenue.

4. Taxes payable decreased by 74.37% as compared with the beginning of the Period, mainly due to the payment of taxes(including VAT) for last year by the Company during the Period.

Analysis on changes in items in income statement during the Period

Changes in composition of expenses

Unit: RMB00'000'000

Items	For the six months ended 30 June 2011	2010	Increase/ decrease %
Administrative expenses	**15.12**	11.25	34.40
Impairment loss of assets	**5.59**	3.57	56.58
Net profit	**15.68**	10.39	50.91
Net profit attributable to shareholders of the Company	**15.38**	10.02	53.49

Analysis on reasons for the changes:

1. The administrative expenses for the Period grew by 34.40% as compared with the same period last year, mainly attributable to the significant increase in expenditures for R&D as a result of more efforts in R&D by the Company.

2. Impairment loss of assets for the Period grew by 56.58% as compared with the same period last year, mainly attributable to the increase in provision for bad debts under relevant accounting policies as a result of increase in receivables.

Analysis on changes in items in cash flow statement during the Period

Changes in items in cash flow statement

Unit: RMB00'000'000

Items	For the six months ended 30 June **2011**	2010	**Increase/ decrease** %
Net cash flow generated from operating activities	**-18.28**	-2.08	778.85
Net cash flow generated from investing activities	**-8.63**	-15.21	-43.26
Net cash flow generated from financing activities	**-2.75**	-4.00	-31.25

Analysis on reasons for the changes:

1. The net cash outflow generated from operating activities increased by 778.85% over the corresponding period last year, mainly attributable to the significant decrease in payment for goods received by the Company during the Period.

2. Net cash outflow generated from investing activities decreased by 43.26% from the corresponding period last year, mainly attributable to the significant decrease in cash expenditures for fixed assets investment in the Period after the completion of major fixed assets investment projects such as post-disaster reconstruction project of Dongfang Turbine and Phase III Project of DFHM.

3. Net cash outflow from financing activities decreased by 31.25% from the same period last year, mainly attributable to the repayment of considerations during the same period last year for acquisition of equity interests to controlling shareholders.

(IV) Statements on other matters during the Period

1. Borrowings

As at 30 June 2011, the Company had bank borrowings of RMB2,361,320,000 due within one year, and RMB325,810,000 due in more than one year. Loans, cash and cash equivalents held by the Company are all denominated in Renminbi. The Company has maintained a sound financing capacity due to its healthy credit status and future sustainable profitability.

2. Gearing Ratio

As at the 30 June 2011, the gearing ratio (total liabilities divided by total assets) of the Company was 84.86%, representing a decrease of 0.81 percentage points from 85.67% as at the end of 2010.

3. During the Period, the Company has not pledged any assets.

4. Risk in Exchange Rate Fluctuation and any related Hedging

In respect of the exchange rate risks exposed to its international construction projects, the Company has proactively adopted financial leverage instruments including forward exchange settlement during the Period to limit the risks arising from exchange rate fluctuations.

5. ***Contingent Liabilities:***

(1) The case concerning project settlement with 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)

In February 2005, DFHM and Guangzhou Economic and Technological Development District Construction and Supervision Co., Ltd. entered into the Management Contract on Construction Project. The parties failed to reach a consensus on the payment in respect of the "settlement and review compensation rewards (結算審核獎勵報酬)" stipulated in the Management Contract on Construction Project. 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 service fee for deferred work of RMB360,000, the additional service fee for Phase I improvement project of RMB600,000 and settlement and review compensation rewards of RMB6,955,700, totaling RMB7,915,720. As at the publication date of this interim results, the case has initiated the second-instance procedure.

(2) The case concerning the contract dispute with Zigong Yancheng Construction Engineering Co., Ltd. (自貢市沿城建築工程有限公司)

In May 2005, Dongfang Broiler entered into a contract with Zigong Dongfang Color Steel Structure Co., Ltd. (自貢市東方彩鋼結構有限公司) for the color steel project for roofs of some workshops. Zigong Dongfang Color Steel Structure Co., Ltd. subcontracted, without permission, the project to Zigong Yancheng Construction Engineering Co., Ltd., which further subcontracted the project to Deyang Runxin Color Steel Co., Ltd. (德陽潤鑫彩鋼有限公司). Disputes in relation to deduction of construction cost arose between the contract-issuing party (subcontract-issuing party) and the contractor (subcontractor) due to low construction quality.

In August 2010, Dongfang Broiler received an indictment issued by Intermediate People's Court of Zigong City in relation to the contract dispute case of Zigong Yancheng Construction Engineering Co., Ltd. versus Deyang Runxin Color Steel Co., Ltd. Zigong Yancheng Construction Engineering Co., Ltd. claimed RMB2,588,200 for contract loss from Deyang Runxin Color Steel Co., Ltd. In this case, Dongfang Broiler was regarded as the third person. In July 2011, Da'an Court ordered to terminate hearing of this case. It is uncertain when the case will resume hearing.

(3) Arbitration over technology disputes with US-based Foster Wheeler

In March 1994, Dongfang Electric Corporation("DEC"), Dongfang Boiler Factory（東方鍋爐廠）and US-based Foster Wheeler entered into a licensing agreement, whereby DEC and Dongfang Boiler Factory imported from Foster Wheeler the technology for 50MW and 100MW non-reheat loop fluidized-bed boilers. In January 1999, Dongfang Boiler Factory transferred its rights and obligations stipulated under the licensing agreement to Dongfang Broiler.

In January 2009, Foster Wheeler filed an arbitration claim with the Chamber of Commerce of Stockholm, Sweden against DEC, Dongfang Boiler Factory and Dongfang Broiler as respondents. Foster Wheeler alleged that DEC, Dongfang Boiler Factory and Dongfang Broiler have used its technology on 135MW and 300MW boilers in violation of provisions of the licensing agreement, and claimed compensation for its losses. DEC has submitted a statement of defense to the Chamber of Commerce of Stockholm, Sweden.

(4) Save as the aforesaid contingent liabilities, as at 30 June 2011, the Group had no other material contingent liabilities.

IV. OTHER MATTERS

(I) PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

(II) EXTERNAL GUARANTEE AND PERFORMANCE

During the Period, the Company was not involved in any external guarantee or performance of any guarantee.

(III) MATERIAL LITIGATION AND ARBITRATION

During the Period, the Company was not involved in any material litigation or arbitration.

(IV) EMPLOYEES

As at 30 June 2011, the Company has 20,905 employees, who were remunerated based on their individual performance. Remuneration packages are structured with reference to their positions and the Company's results.

(V) CODE ON CORPORATE GOVERNANCE PRACTICES

The Company was in full compliance with all code provisions of the "Code on Corporate Governance Practices" under Appendix 14 of the Listing Rules during the Period.

(VI) MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors and supervisors of the Company on terms not less exact than the required standard set out in the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code") under Appendix 10 of the Listing Rules. Having made specific enquiry to all directors and supervisors of the Company, the Company confirms that all directors and supervisors of the Company had complied with the provisions regarding the securities transactions by directors and supervisors as set out in the Model Code.

(VII) AUDIT COMMITTEE

The Board of the Company had set up an Audit Committee comprising three independent non-executive Directors, namely, Mr. Zhao Chunjun, Mr. Li Yanmeng and Mr. Peng Shaobing, and two non-executive Directors, namely, Mr. Zhang Xiaolun and Mr. Zhang Jilie. The Audit Committee has reviewed the interim results of the Company for the Period, and agreed to the accounting methods adopted by the Company.

(VIII) INFORMATION DISCLOSURE

This announcement shall be published on the website of the Stock Exchange (http://www. hkexnews.hk). The interim report of the Company for the year six months ended 30 June 2011, which contains all information as proposed in the Disclosure of Financial Information set out in the Appendix 16 to the Listing Rules, will be dispatched to shareholders of the Company and published on the websites of the Stock Exchange and the Company (http://dfem.wsfg.hk) in due course.

V. PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION

In accordance with the "Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong" published by the Stock Exchange in December 2010, and corresponding amendments to the Listing Rules, domestic audit firms as approved by the Ministry of Finance and CSRC, may apply the PRC accounting standards when providing service to the issuers incorporated in China for the year ending on or after 31 December 2010. Therefore, at the 2010 annual general meeting of the Company convened on 17 May 2011, the adoption of China Accounting Standards for Business Enterprises and the appointment of ShineWing Certified Public Accountants as the auditors of the Company auditing the Company's financial statements for the year 2011 in accordance with China Auditing Standards and to undertake all such activities as required to be performed by overseas auditors under the Listing Rules were approved by way of ordinary resolution. Starting from 2011, the financial statements of the Company will be prepared in accordance with Accounting Standards for Business Enterprises and relevant regulations.

Based on the aforesaid arrangements on accounting standards and auditing, the Board proposes the Company to consider and approve the amendments to the Articles of Association at the next extraordinary general meeting so as to enable the Articles of Association of Dongfang Electric Corporation Limited to reflect the actual operation requirements. Details of the amendments to the Articles of Association are as follows:

1. The original Article 188

which reads: The financial statements of the Company shall be prepared in accordance with PRC accounting standards and legal regulations, and shall also be prepared in accordance with international accounting standards or the accounting standards of the place of overseas listing. If there are any material discrepancies in the financial statements prepared in accordance with the two sets of accounting standards, such discrepancies shall be expressly stated in the notes to the financial statements. For the purpose of the distribution of profits of the Company for the relevant accounting year, the lesser amount of profit after taxation stated in the said two financial statements shall prevail.

is proposed to be amended as follows: According to the listing rules and the relevant regulatory requirements of the PRC and Hong Kong, the financial statements of the Company shall be prepared in accordance with Accounting Standards for Business Enterprises and relevant regulations.

2. **The original Article 189**

which reads: Interim results or financial information published or disclosed by the Company shall be prepared in accordance with PRC accounting standards and relevant regulations as well as international accounting standards or the accounting standards of the place of overseas listing.

is proposed to be amended as follows: Quarterly report, interim results or financial information published or disclosed by the Company shall be prepared in accordance with Accounting Standards for Business Enterprises and relevant regulations

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

Chengdu, Sichuan, the PRC
23 August 2011

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

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