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 2011 ANNUAL RESULTS

RESULTS HIGHLIGHTS

- Total operating revenue of the Company in 2011 amounted to RMB42,917 million, representing an increase of 12.70% as compared with the same period last year;
- Net profit attributable to the shareholders of the Company in 2011 amounted to RMB3,056 million, representing an increase of 18.60% as compared with the same period last year;
- Earnings per share of the Company amounted to RMB1.53 in 2011, representing an increase of 18.60% as compared with the same period last year;
- New contract orders of the Company in 2011 amounted to RMB48,000 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 the year ended 31 December 2011 (the "Reporting Period") prepared in accordance with the China Accounting Standards for Business Enterprises:

According to 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 of Hong Kong Limited (the "Stock Exchange") in December 2010 and the relevant amended provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") , Mainland audit firms approved by the Ministry of Finance of China and the China Securities Regulatory Commission can apply Mainland accounting standards when providing services to the Mainland incorporated issuers for the year ended on or after 31 December 2010. As such, an ordinary resolution in relation to the adoption of China Accounting Standards for Business Enterprises (CAS), 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 was passed at the Company's 2010 annual general meeting held on 17 May 2011. From 2011 onwards, the Company's financial statements will be prepared in accordance with CAS and relevant rules and regulations.

I. FINANCIAL INFORMATION

Consolidated Balance Sheet

31 December 2011

Unit: RMB

Item	*Note*	**Closing balance**	Opening balance
Current assets			
Cash and cash equivalents		**10,345,027,829.13**	13,754,295,282.20
Held-for-trading financial assets		**64,969,532.34**	56,590,975.14
Bills receivable		**2,240,345,399.29**	1,381,939,792.38
Trade receivables	2	**14,240,086,148.67**	11,708,888,636.30
Prepayments		**5,728,312,159.37**	7,515,877,756.27
Interests receivable		**76,378,518.13**	41,329,431.88
Other receivables		**309,264,085.87**	419,729,277.00
Inventories		**35,859,918,720.62**	34,580,411,051.57
Total current assets		**68,864,302,393.42**	69,459,062,202.74
Non-current assets			
Available-for-sale financial assets		**308,987,298.90**	381,049,885.44
Long-term equity investments		**456,044,512.62**	325,461,609.16
Investment properties		**29,120,431.80**	30,761,360.47
Fixed assets		**10,004,175,568.58**	8,877,686,305.79
Construction in progress		**836,061,475.90**	1,492,714,510.97
Construction materials		**169,875.22**	113,464.96
Disposal of fixed assets			1,090,452.80
Intangible assets		**991,153,405.69**	975,603,071.61
Long-term deferred expenditures		**769,883.26**	1,686,621.68
Deferred income tax assets		**951,941,072.59**	707,659,026.96
Total non-current assets		**13,578,423,524.56**	12,793,826,309.84
Total assets		**82,442,725,917.98**	82,252,888,512.58

Item	*Note*	**Closing balance**	Opening balance
Current liabilities			
Short-term borrowings		**2,272,298,661.98**	2,335,000,000.00
Held-for-trading financial liabilities		**30,643,140.64**	5,305,823.49
Bills payable		**3,847,524,566.75**	3,570,917,414.24
Trade payables	3	**14,460,216,174.87**	11,108,250,924.51
Receipts in advance		**42,510,698,850.55**	47,689,085,886.68
Staff remuneration payable		**407,917,862.46**	467,583,217.28
Tax payables		**448,458,426.69**	1,350,337,731.84
Interests payable			800,710.61
Dividends payable		**1,560,249.58**	2,538,041.97
Other payables		**1,871,026,035.12**	1,936,292,789.40
Non-current liabilities due within one year		**116,320,000.00**	31,320,000.00
Other current liabilities		**85,945,216.36**	121,973,441.06
Total current liabilities		**66,052,609,185.00**	68,619,405,981.08
Non-current liabilities			
Long-term borrowings		**165,808,428.01**	275,808,428.01
Long-term payables		**685,252.84**	685,252.84
Special payables		**22,744,416.01**	
Estimated liabilities		**937,485,337.58**	833,643,848.31
Deferred income tax liabilities		**11,640,378.99**	15,648,298.79
Other non-current liabilities		**644,999,141.25**	723,314,185.60
Total non-current liabilities		**1,783,362,954.68**	1,849,100,013.55
Total liabilities		**67,835,972,139.68**	70,468,505,994.63

Item	*Note*	**Closing balance**	Opening balance
Owners' equity (shareholders' equity)			
Share capital		**2,003,860,000.00**	2,003,860,000.00
Capital reserve		**5,075,180,693.34**	5,094,255,444.33
Surplus reserve		**319,634,515.30**	151,942,714.52
Retained profit	4	**6,421,629,656.29**	3,793,595,551.57
Differences arising from translation of foreign currency financial statements		**-17,745,990.70**	-4,899,420.20
Total equity attributable to shareholders of the Company		**13,802,558,874.23**	11,038,754,290.22
Minority interests		**804,194,904.07**	745,628,227.73
Total shareholders' equity		**14,606,753,778.30**	11,784,382,517.95
Total liabilities and shareholders' equity		**82,442,725,917.98**	82,252,888,512.58

Consolidated Income Statement

From January to December 2011

Unit: RMB

Item			*Note*	**2011**	2010
I.	**Total revenue from operations**			**42,916,618,329.18**	38,080,112,185.86
	Including:	revenue from operations	5	**42,916,618,329.18**	38,080,112,185.86
II.	**Total cost of operations**			**39,660,796,872.70**	35,442,500,547.07
	Including:	Cost of operations	5	**33,954,397,638.01**	30,379,877,894.54
		Business taxes and surcharges		**237,830,858.72**	227,478,364.68
		Selling expenses		**888,697,144.47**	806,972,779.58
		Administrative expenses		**3,397,724,995.81**	3,081,524,109.96
		Finance costs		**-87,907,615.55**	-40,198,130.67
		Impairment loss of assets		**1,270,053,851.24**	986,845,528.98
	Add:	Gain from change in fair value (loss is represented by "-")		**-41,087,165.89**	26,662,888.86
		Gain from investment (loss is represented by "-")		**141,600,995.37**	91,621,356.39
	Including:	Gains from investment in associates and joint ventures		**122,079,261.11**	91,617,082.59
III.	**Profit from operations (loss is represented by "-")**			**3,356,335,285.96**	2,755,895,884.04
	Add:	Non-operating income		**255,411,857.33**	204,004,997.89
	Less:	Non-operating expenses		**67,690,339.73**	114,722,180.82
	Including:	Loss from disposal of non-current assets		**13,596,302.65**	7,722,812.27
IV.	**Total profit (total loss is represented by "-")**			**3,544,056,803.56**	2,845,178,701.11
	Less:	Income tax expense		**425,839,071.57**	169,164,306.04
V.	**Net profit (net loss is represented by "-")**			**3,118,217,731.99**	2,676,014,395.07
	Net profit attributable to owners of the Company			**3,056,227,705.50**	2,576,974,795.23
	Profit or loss attributable to minority interests			**61,990,026.49**	99,039,599.84
VI.	**Earnings per share**				
	(I)	Basic earnings per share	7	**1.53**	1.29
	(II)	Diluted earnings per share		**1.53**	1.29
VII.	**Other comprehensive income**			**-31,921,743.88**	5,218,347.75

Item		*Note*	**2011**	2010
VIII.	**Total comprehensive income**		**3,086,295,988.11**	2,681,232,742.82
	Total comprehensive income attributable to owners of the Company		**3,024,305,961.62**	2,582,193,142.98
	Total comprehensive income attributable to minority interests		**61,990,026.49**	99,039,599.84

NOTES

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared on a going concern basis and with reference to actual transactions and events.

The financial statements are prepared in accordance with the Accounting Standards for Business Enterprises — Basic Standards and 38 specific accounting standards issued by the Ministry of Finance on 15 February 2006, the Application Guidance for Accounting Standards for Business Enterprises, Interpretation of Accounting Standards for Business Enterprises and other relevant regulations (hereafter collectively the "PRC ASBE') issued thereafter and the disclosure requirements in the Preparation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 -General Provisions on Financial Reporting (Revised in 2010) issued by China Securities Regulatory Commission.

In addition, the financial statements are in compliance with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Listing Rules.

2. TRADE RECEIVABLES

The ageing analysis of the trade receivables is as follows

Item	Closing balance			Opening balance		
	Amount	Percentage (%)	Provision for bad debts	Amount	Percentage (%)	Provision for bad debts
Within one year	**8,372,447,907.26**	**47.89**	**446,297,009.98**	6,793,984,715.50	48.85	339,699,235.79
One to two years	**3,662,107,189.39**	**20.95**	**371,045,961.52**	3,109,693,242.62	22.36	310,969,324.26
Two to there years	**2,386,179,236.18**	**13.65**	**496,001,822.24**	1,912,959,847.67	13.76	382,591,969.54
Three to four years	**1,442,673,665.40**	**8.25**	**648,617,416.16**	1,012,803,441.29	7.28	405,121,376.50
Four to five years	**677,280,720.70**	**3.87**	**338,640,360.36**	649,906,590.62	4.67	332,077,295.31
Above five years	**942,598,387.08**	**5.39**	**942,598,387.08**	428,761,220.58	3.08	428,761,220.58
Total	**17,483,287,106.01**	**100.00**	**3,243,200,957.34**	13,908,109,058.28	100.00	2,199,220,421.98

Portion of the Group's revenue is generated through construction projects and settlement is made in accordance with the terms specified in the contracts governing the projects. The Group offers a longer credit period (such as 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

Item	Closing balance	Opening balance
Within one year	**11,184,128,254.18**	9,440,369,314.67
One to two years	**2,262,461,944.04**	1,171,601,272.40
Two to there years	**600,913,896.71**	426,695,971.93
Above three years	**412,712,079.94**	69,584,365.51
Total	**14,460,216,174.87**	11,108,250,924.51

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

Item	Closing balance	Opening balance
At 31 December 2010	**3,793,595,551.57**	1,569,418,629.72
Add: adjustment on undistributed profit at 1 January 2011		-62,792,444.56
Including: change in scope of consolidation under common control		-62,792,444.56
At 1 January 2011	**3,793,595,551.57**	1,506,626,185.16
Add: net profit attributable to shareholders of the Company for the year	**3,056,227,705.50**	2,576,974,795.23
Less: Transfers to statutory surplus reserves	**167,691,800.78**	113,886,454.45
Dividends payable on ordinary shares	**260,501,800.00**	160,308,800.00
Others		15,810,174.37
At 31 December 2011	**6,421,629,656.29**	3,793,595,551.57

The distribution of dividends on ordinary share to shareholders of the Company was made according to the plan for distribution of profits after tax considered and approved at the 2010 annual general meeting held on 17 May 2011, namely, a cash dividend of RMB1.30 (tax inclusive) for every ten shares to each shareholder, totalling RMB260,501,800.00 (tax inclusive), as calculated based on the Company's total issued share capital of 2,003,860,000 as at the end of 2010.

5. REVENUE FROM OPERATIONS AND COST OF OPERATIONS

Item	**2011**	2010
Revenue from principal operations	**42,442,890,520.58**	37,603,832,280.16
Revenue from other operations	**473,727,808.60**	476,279,905.70
Total	**42,916,618,329.18**	38,080,112,185.86
Cost of principal operations	**33,638,268,991.00**	30,109,436,403.07
Cost of other operations	**316,128,647.01**	270,441,491.47
Total	**33,954,397,638.01**	30,379,877,894.54

6. INCOME TAX EXPENSES

(1) Income tax expenses

Item	**2011**	2010
Income tax for the year	**670,742,160.05**	236,861,480.82
Including: PRC	**668,932,618.62**	236,861,480.82
India	**1,809,541.43**	638,257.30
Deferred income tax	**-244,903,088.48**	-67,697,174.78
Total	**425,839,071.57**	169,164,306.04

(2) Income tax for the year

Item	2011	2010
Accounting profit	**3,544,056,803.56**	2,845,178,701.11
Income tax charge at statutory tax rate	**886,014,200.90**	711,294,675.28
Tax effect of income not taxable for tax purpose	**-41,556,331.39**	-26,105,000.00
Tax effect of expenses not deductible for tax purpose	**23,611,343.23**	32,945,000.00
Tax effect of tax benefits	**-93,053,003.19**	-283,105,000.00
Including: tax exemption for 12 May Earthquake	**0**	-261,782,000.00
Research and development expenses deductible	**-93,053,003.19**	-21,323,000.00
Tax effect of tax losses and deductible temporary difference not recognised	**27,476,928.47**	49,869,000.00
Effect of special tax exemption		
Effect of different tax rates of subsidiaries	**-341,391,711.04**	-270,103,369.24
Utilisation of tax losses and deductible temporary difference previously not recognized	**-31,964,808.33**	-39,380,000.00
Underprovision in prior years	**-5,930,769.28**	
Effect of tax rate on the opening balance of deferred tax assets/liabilities	**2,633,222.20**	13,749,000.00
Total	**425,839,071.57**	169,164,306.04

Except that Dongfang Electric (India) Private Limited which was taxed at 33.2175% and certain subsidiaries entitled to a preferential rate of 15% for enterprise income tax, all other subsidiaries were subject to enterprise income tax at a rate of 25%.

7. EARNINGS PER SHARE

Unit: RMB

	2011	2010
Basic earnings per share is calculated as follows:		
Earnings		
Net profit attributable to owners of the Company	**3,056,227,705.50**	2,576,974,795.23
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	**1.53**	1.29

Diluted earnings per share was the same as basic earnings per share for the Reporting Period as there were no diluting events (For the 12 months ended 31 December 2010: nil) during the Reporting Period.

8. SEGMENT INFORMATION

(1) Reporting segments for 2011

Item	Clean high-efficiency power generation equipments	New energy	Water energy and environmental equipments	Engineering and services	Unallocated	Eliminations	Total
Revenue from operations	32,190,427,023.62	10,422,484,025.31	3,261,170,475.33	6,441,109,256.50	502,917,156.66	9,901,489,608.24	42,916,618,329.18
Including: external sales	24,483,368,327.91	8,883,542,910.72	3,241,668,377.03	5,834,310,904.92	473,727,808.60		42,916,618,329.18
Inter-segment sales	7,707,058,695.71	1,538,941,114.59	19,502,098.30	606,798,351.58	29,189,348.06	9,901,489,608.24	
Operating expenses	26,950,586,503.93	8,561,491,366.87	2,688,320,510.98	5,300,553,362.22	5,100,944,983.23	9,041,613,685.01	39,560,283,043.22
Operating profit (losses)	5,239,840,519.69	1,860,992,658.44	572,849,964.35	1,140,555,893.28	-4,598,027,826.57	859,875,923.23	3,356,335,285.96
Total assets					111,229,809,563.68	28,787,083,645.70	82,442,725,917.98
Total liabilities					86,970,704,035.67	19,134,731,895.99	67,835,972,139.68
Supplemental information							
Depreciation and amortisation expenses					1,228,625,428.22		1,228,625,428.22
Capital expenditure							
Non-cash expenses other than depreciation and amortisation							

(2) Reporting segments for 2010

Item	Clean high-efficiency power generation equipments	New energy	Water energy and environmental equipments	Engineering and services	Unallocated	Eliminations	Total
Revenue from operations	25,677,844,823.11	11,369,277,018.23	2,957,644,776.80	4,486,304,650.52	482,753,499.25	6,893,712,582.05	38,080,112,185.86
Including: external sales	20,394,229,313.35	9,518,148,353.41	2,957,644,776.80	4,733,809,836.60	476,279,905.70		38,080,112,185.86
Inter-segment sales	5,283,615,509.76	1,851,128,664.82		-247,505,186.08	6,473,593.55	6,893,712,582.05	
Operating expenses	21,634,965,482.17	9,291,974,903.95	2,440,976,732.84	3,649,332,617.89	4,509,368,408.19	6,202,401,843.22	35,324,216,301.82
Operating profit (losses)	4,042,879,340.94	2,077,302,114.28	516,668,043.96	836,972,032.63	-4,026,614,908.94	691,310,738.83	2,755,895,884.04
Total assets					111,603,254,539.38	29,350,366,026.80	82,252,888,512.58
Total liabilities					90,130,307,670.20	19,661,801,675.57	70,468,505,994.63
Supplemental information							
Depreciation and amortisation expenses					932,671,061.67		932,671,061.67
Capital expenditure							
Non-cash expenses other than depreciation and amortisation							

9. NET CURRENT ASSETS

Item	**Closing balance**	Opening balance
Current assets	**68,864,302,393.42**	69,459,062,202.74
Less: Current liabilities	**66,052,609,185.00**	68,619,405,981.08
Net current assets	**2,811,693,208.42**	839,656,221.66

10. TOTAL ASSETS LESS CURRENT LIABILITIES

Item	**Closing balance**	Opening balance
Total assets	**82,442,725,917.98**	82,252,888,512.58
Less: current liabilities	**66,052,609,185.00**	68,619,405,981.08
Total assets less current liabilities	**16,390,116,732.98**	13,633,482,531.50

DIVIDENDS

The Board proposes to pay a final cash dividend of RMB0.16 per share for year 2011, totalling RMB320,617,600.

Subject to the approval of shareholders at the 2011 annual general meeting, the dividend will be paid to holders of H shares whose names appear on the register of members of the Company on 28 May 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Overall Operations

The year 2011 is the first year for the implementation of the "12th Five-Year Plan". Thoroughly following the guidelines of "adjusting structure, driving innovation, strengthening management, and enhancing quality", the Company managed to eliminate the adverse effects of the global financial crisis and the earthquake and Fukushima nuclear disaster in Japan and forged ahead with concerted efforts, thus sustaining a steady growth with revenue, output and profit hitting record high.

1. Operations during the Reporting Period

- Continued growth in operating results

  During the reporting period, under the PRC ASBE, the Company recorded a total operating revenue of RMB42,917 million, representing a year-on-year increase of 12.70%; net profit attributable to shareholders of the Company of RMB3,056 million, representing a year-on-year increase of 18.60%; earnings per share of RMB1.53; and gross profit margin for principal operations of 20.74%, representing a year-on-year increase of 0.81 percentage point.

  In 2011, the Company produced power generation equipments with total capacity of 39,681.5MW, including 23 hydro-electric turbine generator sets (5,464.5MW), 58 steam turbine generators (32,763MW), and 949 wind turbine generator sets (1,454MW), as well as 51 power station boilers (21,902MW) and 101 power station steam turbines (39,167MW).

- Remarkable progress in market development

  The Company's new orders for the year 2011 amounted to approximately RMB48 billion, of which exports accounted for 28.3% or US$2.1 billion. Among the new orders, 60% was attributable to high-efficiency clean energy, 11% to new energy, 4% to water energy and environmental protection, and 25% to engineering and services. As at 31 December 2011, the Company had orders in hand of more than RMB150 billion, among which high-efficiency clean energy accounted for 55%, new energy 15%, water energy and environmental protection 10%, engineering and services 20%. Exports accounted for 22.8% of all of the Company's orders in hand.

Steady progress was achieved in international market expansion. The assets, personnel and businesses of the Company's Engineering Branch and Import & Export Branch were consolidated to form the "Dongfang Electric Corporation Limited International Engineering Branch", which helped further enhance the Company's strength in international market expansion and execution capability. The Company entered into a number of significant projects, including the 660MW project contract with Abhijeet Group from India, the Venezuelan central power plant project (which introduced the Company's 600MW power generator into South America Market) and the low pressure heater supply contract for nuclear power plants with the Electricite De France (EDF) (which was the first export contract of nuclear power products for the Company). In addition, the Company also entered into a supply contract for Ninh Thuan 2MW wind power project in Vietnam through a memorandum of cooperation, which helped the Company make further inroads into overseas wind power market.

Domestic market share was secured with increase. The Company firmly grasped the opportunities brought about by the construction of the national key projects and increased its efforts in expanding key power marketplaces such as Xinjiang, Tianjin and Zhejiang. As to coal-fired power market, the Company secured 1100MW project with the 6th Agricultural Construction Division of Xinjiang Production and Construction Corps (新疆農六師), which was a contract of ultra-supercritical unit with largest capacity individually for the Company. As to hydro power market, the Company entered into a number of significant contracts, including Tongzilin 150MW project, Mamaya 180MW project and Shaping II 58MW project. As to gas turbine market, the Company secured the gas turbine project of Tianjin Chentangzhuang Thermal Power Plant, which was the contract with largest-capacity gas turbine unit that the Company ever entered into. As to wind power market, batch orders for its 2MW doubly-fed wind power generating units were placed with the Company in succession. The number of new orders for power station services hit new record.

- Further enhancement in technical innovation capability

  The Company's independently developed hydropower projects such as the world's largest 75MW bulb turbine units in Gerry, Brazil, super-large fully-air-cooled hydro generator sets and 300MW pumped-storage power units in Xianyou were accomplished. The pilot production of 600MW supercritical circulating fluidized bed boilers was completed. The nuclear power welding rotor independently developed by the Company, which was the first of its kind at home, was accredited by the State and significant progress was achieved in the R & D of CAP1400 nuclear power generating units. The 1.5MW direct-drive permanent-magnet wind turbine generating unit independently developed by the Company was certified by Germanischer Lloyd (GL), making the Company become the first wind turbine manufacturer that received GL Certification in China. The first 3MW doubly-fed wind turbine generating unit and 2.5MW direct drive wind turbine generating unit rolled off production lines, providing strong brace for further expansion into wind power market.

  The Company's 17 technological achievements, including the development of the 1150MW half-speed steam turbine generator for CPR1000 and the flue gas denitrator for 1000MW coal-fired generating unit, were awarded prizes by provincial authorities or above. The project "development and commercialization of 1000MW ultra-supercritical thermal power generating equipment" was awarded the second-class National Science and Technology Progress Award.

- Proactive response to the impact of the Fukushima nuclear crisis

  After the outbreak of the Fukushima nuclear leakage in Japan, the Company immediately organized relevant personnel to study and consider the possible influence of the Japanese earthquake and nuclear crisis on the production and operation of the Company, carefully analyzed the risks in relation to procurement of raw materials and payment as a result of suspension of approval of nuclear power projects by the State 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 nuclear power equipment, raising the nuclear safety awareness of all the staff. Through these measures, the Company managed to minimize the adverse effects and further cemented its foundation for nuclear power equipment manufacturing and management.

- Enhanced reputation in capital market

  The Company made active efforts in information disclosure in capital market and investor relations management, with a view to maintaining a good image in the capital market. The Company held its first non-deal roadshow in the United States for further exchange and communication with investors from Europe and the United States, which further increased its weight in international capital market. By virtue of the Company's increasingly growing results and standardized and highly-efficient operation, the Board was awarded the 2011 Award for Board of Directors of Listed Companies by the Shanghai Stock Exchange.

2. *Main Businesses and Their Operations*

- Main Business Revenues during the Reporting Period and Profit Variation Analysis

Unit: RMB0'000

Operation Indicator	Reporting Period	Same Period of Last Year	Rate of Increase *(%)*
Prepared under the PRC ASBE			
Operating revenue	**4,291,661.83**	3,808,011.22	12.70
Net profit attributable to shareholders of the Company	**305,622.77**	257,697.48	18.60
Earnings per share *(RMB)*	**1.53**	1.29	18.60
Net profit after deducting extraordinary items *(RMB)*	**1.44**	1.22	17.97

In 2011, the Company followed the guidelines of "adjusting structure, driving innovation, strengthening management, and enhancing quality", managed to mitigate the adverse effects of the global financial crisis and the earthquake and Fukushima nuclear disaster in Japan and endeavoured to expand domestic and international markets. As a result, it successfully accomplished all its production and operation targets. Sales revenue for 2011 amounted to RMB42,917 million with net profit attributable to shareholders of the Company of RMB3,056 million and earnings per share of RMB1.53.

In 2011, the Company achieved a operating revenue of RMB42,917 million with a year-on-year increase of 12.70%, mainly due to continuous increase in sales revenue from clean high-efficiency power generating equipment and engineering and services. Thanks to the adjustment of the Company's product mix and actual effect in cost reduction and efficiency increase, the gross profit margin for the Company's principal operations increased from 19.93% to 20.74%, up 0.81 percentage point.

- Principal Operations by Industry and Product

Unit: RMB '00 million

Industry/ Product	Operating Revenue	Operating Cost	Operating Profit Margin *(%)*	Year-on-year Increase/ Decrease in Operating Revenue *(%)*	Year-on-year Increase/ Decrease in Operating Cost *(%)*	Year-on-year Increase/ Decrease in Operating Profit Margin (percentage point)
By Industry						
Machinery Fabrication	424.43	336.38	20.74	12.87	11.72	0.81
By Product						
Clean High-efficiency Power Generating Equipments	244.83	197.09	19.50	20.05	19.04	0.68
New Energy	88.84	70.02	21.18	-6.67	-5.89	-0.65
Water Energy and Environmental Equipments	32.42	26.69	17.67	9.60	9.33	0.20
Engineering and Service	58.34	42.58	27.02	23.25	15.97	4.58

Unit: RMB '00 million

Item	Operating Revenue	Year-on-year Increase/ Decrease in Operating Revenue *(%)*
Domestic	364.29	9.58
Overseas	60.14	37.90

- Major Customers and Suppliers

Unit: RMB '00 million

Item	Total amount for Top 5	Percentage in total amount for the year *(%)*
Customers (sales)	75.51	17.58
Suppliers (purchase)	20.87	6.98

3. Financial Position during the Reporting Period

- Analysis on Change in Balance Sheet during the Reporting Period

Changes in composition of assets:

Unit: RMB '00 million

Item	**Closing balance**	**Opening balance**	**Year-on-year increase/ decrease** *(%)*	**Percentage of balance sheet items in total assets** *(%)*
Cash and cash equivalents	**103.45**	137.54	-24.79	12.55
Bills receivable	**22.40**	13.82	62.12	2.72
Trade receivables	**142.40**	117.09	21.62	17.27
Trade payables	**144.60**	111.08	30.18	17.54
Tax payables	**4.48**	13.50	-66.79	0.54
Long-term borrowings	**1.66**	2.76	-39.88	0.20
Surplus reserve	**3.20**	1.52	110.37	0.39
Retained profit	**64.22**	37.94	69.28	7.79

Analysis on reasons for the changes:

(1) As at the end of 2011, Cash and cash equivalents decreased by 24.79% to RMB10,345 million as compared with the beginning of the year, mainly attributable to the decrease in total payments for goods collected by the Company as a result of a tight monetary policy adopted by the State which increased difficulties in funds collection.

(2) As at the end of 2011, the balance of bills receivables increased by 62.12% to RMB2,240 million as compared with the beginning of the year, mainly attributable to the increase in customer payments under sales contracts settled by bank acceptances.

(3) As at the end of 2011, the balance of trade receivables increased by 21.62% to RMB14,240 million as compared with the beginning of the year, mainly due to the increase in amounts due from customers for settlement of contracts and retention for construction contracts as a result of the growth in sales revenue.

(4) As at the end of 2011, trade payables increased by 30.18% to RMB14,460 million as compared with the beginning of the year, mainly due to the increase in procurement volume and construction payables. Besides, the Company further enhanced its capital management and increased its leverage ratio.

(5) As at the end of 2011, the balance of tax payables decreased by 66.79% to RMB448 million as compared with the beginning of the year, mainly attributable to the significant increase in taxes paid by the Company during the year.

(6) As at the end of 2011, the balance of long-term borrowings decreased by 39.88% to RMB166 million as compared with the beginning of the year, mainly due to the partial repayment of long-term borrowings by the Company.

(7) As at the end of 2011, surplus reserve increased by 110.37% to RMB 320 million as compared with the beginning of the year, mainly due to the transfers to statutory surplus reserve from profit achieved by the Company in the period made according to the Articles of Association.

(8) As at the end of 2011, retained profit increased by 69.28% to RMB6,422 million as compared with the beginning of the year, mainly due to the increase in profit of the Company.

- Analysis on Changes in Items in Income Statement during the Reporting Period

Changes in composition of expenses:

Unit: RMB '00 million

Item	**2011**	2010	**Year-on-year increase/ decrease** *(%)*
Operating revenue	**429.17**	380.80	12.70
Administrative expenses	**33.98**	30.82	10.25
Finance costs	**-0.88**	-0.40	120.00
Impairment loss of assets	**12.70**	9.87	28.67
Total profit	**35.44**	28.45	24.57
Income tax	**4.26**	1.69	152.07
Net profit	**31.18**	26.76	16.52
Net profit attributable to shareholders of the Company	**30.56**	25.77	18.59

Analysis on reasons for the changes:

(1) The Company's administrative expenses in 2011 was RMB3,398 million, representing a year-on-year increase of 10.25%. This was mainly due to the substantial increase in expenditures for R&D as a result of enhancement in R&D of new products and new technologies and processes and the increase in depreciation and repair charges as a result of additions to fix assets.

(2) The Company's impairment loss of assets in 2011 increased by 28.67% to RMB1,270 million as compared with last year, mainly attributable to the increase in provision for bad debts under relevant accounting policies as a result of trade receivables increasing along with the growth in sales revenue.

(3) The Company's income tax in 2011 amounted to RMB426 million, representing a year-on-year increase of 152.07%. This was mainly because the Company's subsidiaries Dongfang Electric Machinery Co., Ltd (東電有限公司) and Dongfang Turbine Co., Ltd. (東汽有限公司) were no longer entitled to tax exemption.

• Analysis on Changes in Items in Cash Flow Statement during the Reporting Period

Changes in items in cash flow statement

Unit: RMB '00 million

Item	**2011**	2010	**Year-on-year increase/ decrease** *(%)*
Net cash flow from operating activities	**-11.39**	19.52	-158.35
Net cash flow from investing activities	**-18.02**	-30.17	-40.27
Net cash flow from financing activities	**-4.44**	-1.28	247.38

Analysis on reasons for the changes:

(1) Net cash flow from operating activities decreased by 158.32% year on year, mainly attributable to a significant decrease in cash receipt for goods sold by the Company as a result of increasing difficulties in collection of receivables and a considerable increase of RMB1,100 million in taxes (including VAT) paid by the Company as compared with last year.

(2) Net cash outflow from investing activities decreased by 40.27% year-on-year, mainly attributable to the significant decrease in investment in fixed assets along with the completion and commissioning of the projects financed by proceeds from fundraising.

(3) Net cash outflow from financing activities increased by 247.38% year on year, mainly attributable to a year-on-year decrease of RMB234 million in cash received from other financing activities and a year-on-year increase of RMB107 million in dividends distributed to shareholders of the Company in the year.

- Analysis on Borrowings in the Reporting Period

As at 31 December 2011, the Company had bank borrowings of RMB2,388 million due within one year and RMB166 million due beyond one year. The Company's borrowings and cash and cash equivalents are dominated in RMB. The Company has maintained a sound financing capacity due to its healthy credit status and future sustainable profitability.

- Analysis on Gearing Ratio in the Reporting Period

As at 31 December 2011, the gearing ratio (calculated as total liabilities divided by total assets) of the Company was 82.28%, representing a decrease of 3.39 percentage points from 85.67% as at the end of 2010. The decrease was mainly attributable to the continuous accumulation of owners' interests thanks to the good sustainable profit level maintained in 2011 by the Company.

- Pledge of Assets during the Reporting Period

As at the end of the Reporting Period, the Company had pledged borrowings of RMB452 million, which were related to the undue discounted commercial acceptance bills issued among entities within the scope of consolidation.

- Exchange Rate Fluctuation Risk and Any Related Hedging

With the increasing scale of the international operations of the Company, foreign exchange rate risk has become a more important element that affects the Company's operating results. Given the complicated and volatile international situations and the Company's actual operation, the Company continued to proactively adopt financial leverage instruments including forward exchange settlement for the estimated receivables of its international construction projects to limit the risks arising from exchange rate fluctuations.

- Contingent Liabilities during the Reporting Period

1. 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 Boiler Group Co., Ltd.(東鍋股份公司) ("Dongfang Boiler") 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 Boiler received an indictment issued by Intermidiate 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 Boiler was regarded as the third person. Currently, no hearing has been held for this case.

2. 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 circulating fluidized-bed boilers. In January 1999, Dongfang Boiler Factory transferred its rights and obligations stipulated under the licensing agreement to Dongfang Boiler.

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

On 20 October 2011, the Chamber of Commerce of Stockholm, Sweden delivered a verdict in favour of Foster Wheeler, requiring Dongfang Boiler to pay to Foster Wheeler nominal royalties of USD4,815,000 and unpaid royalties of USD1,520,000 and the interest accrued thereon, and the Foster Wheeler has to return the technology licensing fees of USD1,117,000 to Dongfang Boiler. Further, DEC shall bear joint and several liability for the above debts. Dongfang Boiler and DEC disagree with the ruling and have appealed to the Svea Court of Appeal (瑞典斯維亞法院), Sweden to revoke the ruling on 30 December 2011. As at the date of this financial report, the Svea Court of Appeal, Sweden has not yet rendered a verdict.

3. Save for the above contingent matters, the Group had no other material contingent matters as at 31 December 2011.

PROSPECTS AND OUTLOOK

1 Industry growth trends and market outlook

In 2012, the world economic situation remains severe and complicated and China's macroeconomic development is subject to various uncertainties. As to demand on domestic power generator market, demand from coal-fired power sector is expected to see a decline due to the overall loss of the sector and rigorous environmental requirements; the approval of hydropower projects will be less time-consuming, and bulb turbine units and pumped-storage power units market will experience a good development potential. Upon the launch of the State's nuclear safety plan, approval of nuclear power projects is likely to resume and nuclear power will develop in a safe and high-efficiency way. Despite increasingly fierce competition in wind power market, demand for wind power will keep growth amid adjustments. With increase in the number of gas sources under construction, demand from gas turbine market will keep rising. And development opportunities will arise for the renovation of power stations and environmental equipment. In overseas power generating equipment market, demand from renewable energy such as hydro power and wind power will see rapid growth and demand from coal-fired power will still have considerable growth.

2 Major Risks factors faced by the Company

Change in demand from domestic power market. In 2012, the State will vigorously promote energy conservation and emission reduction and continue to adjust the industrial structure. Therefore, demand from thermal power market is expected to decline; nuclear power market is still awaiting the State's policy to resume the approval of new nuclear power plants; and wind power market will grow amid adjustments. These will bring difficulties and risks to the market expansion of the Company.

More capital pressure. In 2012, given a complex domestic economic and financial environment and a tightening monetary policy, coupled with the overall loss of thermal power sector, the Company will face more difficulties in collection of receivables. Though the Company has realized batch production and sale of wind power equipment, but such equipment has a longer warranty period and more working capital thus will be occupied. In addition, the suspension or deferral of nuclear power projects will cause a significant decrease in the collection of receivables related to nuclear power equipment sold.

Overseas market expansion and exchange rate fluctuation. On overseas market front, demand for conventional hydro and thermal power equipment will slow down and there will be more and more entry restrictions. Given the volatile international political landscape in new markets, there will be more uncertainties and further risks ahead. Furthermore, the Company's overseas projects would be further exposed to execution risk due to the fluctuations in RMB exchange rate and the political, security and policy uncertainties in the countries where relevant projects are located.

3 Business plan for 2012

In 2012, the Company shall place priorities on "highlighting principal operations, optimizing allocation and refining management" in line with the development targets under the 12th Five-Year Plan, speed up its transformation and upgrading and promote sustainable development by implementing "three shifts", namely shifting from scale expansion to efficiency and profit growth, shifting from business expansion to strength enhancement, and shifting from manufacturing-based operations to manufacturing- and service-based operations. The Company is expected to produce power generation equipment with total capacity of 35,500MW in 2012, still maintaining a high output level. To this end, the Company intends to adopt the following strategies:

- To keep track of users' needs and enhance market expansion

  Consolidating domestic market share: Carry out market survey and project study in an efficient way, keep track of project owner's movement and make every effort to promote the marketing of new products and technologies such as ultra-supercritical thermal power units, offshore wind power units and double reheat technology; Stepping up efforts to explore international markets: Implement refined management and enhance the pertinence of market expansion and strictly control risks. Strengthen strategic coordination and cooperation with relevant domestic and foreign enterprises and all-round cooperation with financial institutions to jointly explore the international markets in multiple ways and improve the comprehensive project development capability.

- To beef up efforts in R & D of principal businesses and enhance the capability of independent innovation

  Aiming at highlighting principal businesses, the Company will reinforce R & D efforts of 1000MW high-head and large-capacity Francis turbine units, 400MW large pumped-storage power units, 660MW steam turbines and 1000MW -1200MW single and double reheat ultra-supercritical units, CAP1400 G3 conventional island turbines and generators and MSR, 5MW and 6MW offshore wind power units. In addition, it will continue to increase efforts in R & D of national key technology projects such as 700℃ ultra-supercritical units, 50MW heavy-duty gas turbines and oxy-fuel combustion carbon capture technology, so as to achieve breakthrough in core technologies of key products, optimize performance and improve product competitiveness.

- To strengthen quality efforts to improve product quality

  Size up the situation and keep improving the quality of various items to raise product quality. Continue to promote the construction of a lasting operational mechanism for quality and integrity systems so as to raise staff's quality awareness. Continue to promote the application of nuclear power quality management concepts, draw on the management experience of nuclear power suppliers to mitigate procurement quality risk from the start. Strengthen the quality control over the entire process of projects including overseas construction projects to ensure the quality stability of construction projects.

- To build contract awareness and accomplish annual production tasks

  In 2012, as its production tasks remain at high levels, the Company will actively communicate with users and arrange production schedules in a scientific way; plan and control key resources in such a way to ensure the timely delivery of products; implement project budget management and all-round risk management; enhance process control over the projects according to the construction progress schedule and strive to ensure every project proceed and be completed as scheduled.

- To actively seek new economic growth drivers and promote sustainable healthy development

  According to the industrial planning and direction based on the development strategy and outline plan under the Company's 12th Five Year Plan, the Company will actively explore new economic growth areas, expand power station services and scale up the revenue from services as a percentage in total operating revenue. Taking the opportunity of the establishment of a new mechanism by the International Engineering Branch, the Company will raise the efficiency and effectiveness of the general contracts for power stations. The Company will actively explore power station investment opportunities overseas and expand its market share overseas. In addition, it will make full use of acquired wind farm resources to speed up construction to put into operation as soon as practicable, while further expanding markets to promote the development of renewable energy industry.

4 Capital sources and its use plan

In 2012, the Company will, based on its business development plan and strategic layout, utilize multiple channels to raise funds such as internal resources and bank borrowings, follow its scientific and prudent investment concepts and rigorously control investment size, so as to concentrate its capital in such fixed assets investment projects and equity investment projects that could enhance experimental and R & D capabilities and process standard and strengthen core competitiveness of the Company, thus further raising its technologies and capabilities in new industries development.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

EXTERNAL GUARANTEE AND PERFORMANCE

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

MATERIAL LITIGATION AND ARBITRATION

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

DESIGNATED DEPOSIT AND UNRECOVERABLE OVERDUE FIXED DEPOSIT

During the Reporting Period, the Company did not have any designated deposit or unrecoverable overdue fixed deposit.

AUDIT COMMITTEE

The audit committee of the Company consists of two non-executive directors, namely Mr. Zhang Xiaolun and Mr. Zhang Jilie, and three independent non-executive directors, namely Mr. Li Yanmeng, Mr. Zhao Chunjun and Mr. Peng Shaobing. The audit committee has reviewed the annual results of the Group for the Reporting Period.

EMPLOYEES

As at 31 December 2011, the Company had 20,784 employees. The Company adopted a remuneration system linked with performance and paid the employees in accordance with their individual performance

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company was in full in compliance with all the code provisions of the Code on Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") during the Reporting Period.

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") contained In Appendix 10 to 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.

INFORMATION DISCLOSURE

This announcement will be published on the website of the Stock Exchange (http://www.hkexnews.hk). The annual report of the Company for the year ended 31 December 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://www.dongfang.com) in due course.

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

Chengdu, Sichuan, the PRC
29 March 2012

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*