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

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

(Stock Code: 1072)

PRELIMINARY ANNOUNCEMENT OF 2017 INTERIM RESULTS

RESULTS HIGHLIGHTS

Total operating revenue of the Group in the first half of 2017 amounted to RMB14,578 million, representing a decrease of 19.99% compared with the same period of the previous year;

Net profit attributable to shareholders of the Company in the first half of 2017 amounted to RMB377 million, representing an increase of RMB719 million compared with the same period of the previous year;

Earnings per share of the Group in the first half of 2017 amounted to RMB0.16, as compared with RMB-0.15 for the same period of the previous year; and

New orders of the Group in the first half of 2017 amounted to RMB15,100 million.

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 2017 (the "**Period**" or the "**Reporting Period**") prepared in accordance with the China Accounting Standards for Business Enterprises. The interim results have been reviewed by the audit committee of the Company.

I. FINANCIAL INFORMATION

Consolidated Balance Sheet
30 June 2017

Unit: RMB

Item	*Note*	**Amount at the end of the Period**	Amount at the beginning of the year
Current assets:			
Monetary fund		**26,749,616,655.64**	28,408,778,336.14
Clearing provision			
Funds for lending			
Financial assets at fair value through profit or loss		**39,502,240.00**	59,661,930.59
Derivative financial assets			
Bills receivable		**4,234,110,620.36**	4,917,792,022.12
Accounts receivable	*2*	**14,928,316,978.24**	15,954,481,388.79
Prepayments		**1,882,447,852.01**	2,513,937,554.91
Premium receivable			
Reinsurance accounts receivable			
Provision for reinsurance contract receivable			
Interests receivable		**441,341,007.02**	373,159,473.91
Dividends receivable			
Other receivables		**315,817,701.29**	245,140,412.85
Purchase redeemable financial assets			
Inventories		**21,100,527,829.89**	19,871,046,530.61
Assets classified as held-for-sale			
Non-current assets due within one year			
Other current assets		**406,010,829.00**	293,077,796.09
Total current assets		**70,097,691,713.45**	72,637,075,446.01

Item	*Note*	**Amount at the end of the Period**	Amount at the beginning of the year
Non-current assets:			
Issued loans and advances			
Available-for-sale financial assets		**3,100,000.00**	3,100,000.00
Held-to-maturity investments			
Long-term receivable			
Long-term equity investment		**1,409,699,570.69**	1,447,245,662.23
Investment properties		**110,427,420.94**	111,942,870.46
Fixed assets		**6,888,977,002.86**	7,617,279,165.25
Construction in progress		**135,981,325.58**	107,598,422.31
Construction materials		**145,691.45**	113,464.96
Disposal of fixed assets		**1,364,307.81**	48,257.24
Productive biological assets			
Oil and gas assets			
Intangible assets		**847,968,057.29**	911,701,102.64
Development expenditure			
Goodwill			
Long-term deferred expenses		**1,040,608.96**	1,075,608.94
Deferred income tax assets		**1,923,002,370.76**	1,864,994,092.61
Other non-current assets			426,208.77
Total non-current assets		**11,321,706,356.34**	12,065,524,855.41
Total assets		**81,419,398,069.79**	84,702,600,301.42

Item	*Note*	**Amount at the end of the Period**	Amount at the beginning of the year
Current liabilities:			
Short-term loans		**333,650,000.00**	284,500,000.00
Borrowings from central bank			
Absorbed deposits and interbank deposits			
Borrowing funds			
Financial liabilities at fair value through profit or loss		**1,518,430.54**	10,372,195.96
Derivative financial liabilities			
Bills payable		**4,191,147,049.05**	5,276,331,920.02
Accounts payable	*3*	**14,815,382,107.36**	14,380,312,585.36
Receipts in advance		**32,566,790,504.63**	35,566,439,682.61
Funds arising from selling repo financial assets			
Commission and fees payable			
Staff remuneration payable		**425,887,137.95**	427,869,549.45
Taxes payable		**180,346,626.26**	566,207,934.48
Interests payable			736,111.11
Dividends payable		**2,823,100.25**	2,787,911.77
Other payables		**2,388,098,738.05**	1,965,909,372.89
Reinsurance accounts payable			
Provision for insurance contract			
Funds arising from acting trading of securities			
Funds arising from acting underwriting of securities			
Liabilities classified as held-for-sale			
Non-current liabilities due within one year		**706,040,000.00**	731,379,338.40
Other current liabilities		**65,714,511.26**	77,113,715.51
Total current liabilities		**55,677,398,205.35**	59,289,960,317.56

Item	*Note*	**Amount at the end of the Period**	Amount at the beginning of the year
Non-current liabilities:			
Long-term borrowings		**36,940,000.00**	536,940,000.00
Debentures payable			
Including: Preferred shares			
Perpetual bonds			
Long-term payable			16,537,992.70
Long-term remuneration payable		**513,416,225.39**	462,107,103.50
Specified payable		**58,062,614.63**	58,062,614.63
Estimated liabilities		**2,132,755,346.32**	1,771,952,763.14
Deferred income		**472,448,925.73**	473,991,696.19
Deferred income tax liabilities		**6,673,058.43**	7,292,893.73
Other non-current liabilities			
Total non-current liabilities		**3,220,296,170.50**	3,326,885,063.89
Total liabilities		**58,897,694,375.85**	62,616,845,381.45
Shareholders' equity:			
Share capital		**2,336,900,368.00**	2,336,900,368.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserves		**8,828,262,489.81**	8,828,262,489.81
Less: Treasury shares			
Other comprehensive income		**-25,726,634.63**	-28,762,895.01
Special reserves		**59,641,350.67**	45,314,931.41
Surplus reserves		**769,092,997.56**	769,092,997.56
Provision for general risk			
Undistributed profit	*4*	**9,570,572,202.83**	9,193,484,301.02
Total equity attributable to shareholders of the Parent Company		**21,538,742,774.24**	21,144,292,192.79
Non-controlling interests		**982,960,919.70**	941,462,727.18
Total shareholders' equity		**22,521,703,693.94**	22,085,754,919.97
Total liabilities and shareholders' equity		**81,419,398,069.79**	84,702,600,301.42

Consolidated Income Statement

January–June 2017

Unit: RMB

Item			Note	Amount for the Period	Amount for the same period of the previous year
I.	**Total revenue from operations**			**14,577,702,423.17**	18,219,614,274.86
	Including:	Revenue from operations	*5*	**14,577,702,423.17**	18,219,614,274.86
		Interest income			
		Insurance premiums earned			
		Income from fees and commissions			
II.	**Total cost of operations**			**14,230,534,889.99**	18,696,866,748.98
	Including:	Cost of operations	*5*	**12,077,130,854.82**	16,209,034,955.29
		Interest expenditure			
		Fee and commission expenses			
		Surrender expenditure			
		Net expenditure for compensation payments			
		Net provision for insurance contracts			
		Expenditures for insurance policy dividend			
		Reinsurance costs			
		Business taxes and surcharges		**169,270,783.15**	109,646,104.16
		Selling expenses		**538,169,699.41**	510,653,919.48
		Administrative expense		**1,463,415,505.07**	1,467,129,882.99
		Financial costs		**-218,876,202.23**	-253,591,430.50
		Impairments loss of assets		**201,424,249.77**	653,993,317.56
	Add:	Gains from change in fair value (“-” means losses)		**-3,871,471.00**	-4,536,239.24
		Gains from investment (“-” means losses)		**35,820,449.23**	138,652,817.08
		Including: Gains from investment in associates and joint ventures		**28,124,322.76**	142,817,176.55
		Exchange gains (“-” means losses)			

Item	*Note*	**Amount for the Period**	Amount for the same period of the previous year
Other income			
III. Operating profit ("-" means losses)		**379,116,511.41**	-343,135,896.28
Add: Non-operating income		**202,723,470.98**	52,502,105.85
Including: Gains from disposal of non-current assets		**18,044,100.87**	1,473,810.12
Less: Non-operating expense		**148,116,296.58**	53,034,773.00
Including: Losses from disposal of non-current assets		**1,876,891.45**	621,148.80
IV. Total Profit ("-" means losses)		**433,723,685.81**	-343,668,563.43
Less: Income tax expense	*6*	**10,182,166.20**	-6,458,859.87
V. Net Profit ("-" means losses)		**423,541,519.61**	-337,209,703.56
Net profit attributable to the shareholders of the Parent Company		**377,087,901.81**	-341,652,500.96
Gains/losses on minority shareholders' equity		**46,453,617.80**	4,442,797.40
VI. Net amount of other comprehensive income, net of tax:		**3,036,186.61**	237,078.38
Other comprehensive income attributable to shareholders of the Parent Company, net of tax		**3,036,260.38**	237,249.11
(I) Other comprehensive income that will not be reclassified subsequently to profit or loss			
1. Changes of net liabilities or net assets arising from the re-measurement of defined benefit plans			
2. Share of other comprehensive income (that will not be reclassified subsequently to profit or loss) of investees accounted for using equity method			

Item	*Note*	**Amount for the Period**	Amount for the same period of the previous year
(II) Other comprehensive income that may be reclassified subsequently to profit or loss		**3,036,260.38**	237,249.11
1. Share of other comprehensive income of the investees which can be reclassified into profit or loss under equity method subsequently			
2. Profit or loss from changes in fair value of available-for-sale financial assets			
3. Profit or loss from held-to-maturity investment reclassified as available-for-sale financial assets			
4. Effective portion of profit or loss from cash flows hedges			
5. Exchange differences from translation of financial statements		**3,036,260.38**	237,249.11
6. Others			
Other comprehensive income attributable to minority shareholders, net		**-73.77**	-170.73
VII. Total comprehensive income		**426,577,706.22**	-336,972,625.18
Total comprehensive income attributable to the shareholders of the Parent Company		**380,124,162.19**	-341,415,251.85
Total comprehensive income attributable to minority shareholders		**46,453,544.03**	4,442,626.67
VIII. Earnings per share:			
(I) Basic earnings per share	*7*	**0.16**	-0.15
(II) Diluted earnings per share		**0.16**	-0.15

NOTES TO THE FINANCIAL STATEMENTS
For the six months ended 30 June 2017

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared on a going concern basis, in accordance with Accounting Standards for Business Enterprises and the relevant requirements (collectively, the "**Accounting Standards for Business Enterprises**") issued by the Ministry of Finance of the PRC and the disclosure requirements under Rules No. 15 for Information Disclosure by Companies Offering Securities to the Public – General Provisions on Financial Statements (Revised 2014) of the China Securities Regulatory Commission, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Companies Ordinance based on the accounting policies and accounting estimates as implemented by the Company.

2. ACCOUNTS RECEIVABLE

Unit: RMB

Item	Amount at the end of the Period	Amount at the beginning of the Period
Accounts receivable	**20,561,612,191.22**	21,621,594,717.31
Less: provision for bad debts	**5,633,295,212.98**	5,667,113,328.52
Net amount	**14,928,316,978.24**	15,954,481,388.79

(1) Analysis of accounts receivable

Unit: RMB

Age	Amount at the end of the Period	Amount at the beginning of the Period
Within 1 year	**6,971,967,628.97**	7,793,619,803.77
1–2 years	**4,619,860,218.59**	4,273,983,361.46
2–3 years	**1,786,263,731.53**	2,309,986,085.52
3–4 years	**968,340,367.79**	1,008,046,862.66
4–5 years	**581,885,031.36**	568,845,275.38
Net amount	**14,928,316,978.24**	15,954,481,388.79

The Group's revenue from construction contract is settled in accordance with terms of relevant contracts, and the Group offers credit terms of two to three years to large or long-established customers with good repayment history.

For revenue from sales of products, settlement is made in accordance with terms of relevant contracts. A credit period of one year is generally granted to large or long-established customers with good repayment history. Revenue from small, newly established or short-term customers is normally expected to be settled within 180 days after provision of services or delivery of goods.

3. ACCOUNTS PAYABLE

Unit: RMB

Item	**Amount at the end of the Period**	Amount at the beginning of the Period
Within 1 year	**10,868,290,843.84**	9,246,484,205.53
1–2 years	**1,348,964,255.61**	2,992,948,671.28
2–3 years	**951,547,493.43**	1,033,600,357.97
Over 3 years	**1,646,579,514.48**	1,107,279,350.58
Total	**14,815,382,107.36**	14,380,312,585.36

The Group conducted the aging analysis using the length of time for accounts payable recognized based on the information such as the relevant invoices and statement.

4. UNDISTRIBUTED PROFITS

Unit: RMB

Item	Amount	The proportion of appropriation or allocation
Amount at the end of last year	**9,193,484,301.02**	
Amount at the beginning of the Period	**9,193,484,301.02**	
Add: Net profits attributable to shareholders of Parent Company for the Period	**377,087,901.81**	
Less: Appropriation to statutory surplus reserves		
Dividends payable on ordinary shares		
Amount at the end of the Period	**9,570,572,202.83**	

The Company had no profit distribution during the Period.

5. OPERATING REVENUE AND OPERATING COST

Unit: RMB

Item	Amount for the Period		Amount for the same period of the previous year	
	Revenue	**Cost**	Revenue	Cost
Principal operations	**14,467,340,402.74**	**11,999,269,651.57**	18,023,283,392.53	16,049,488,454.55
Other operations	**110,362,020.43**	**77,861,203.25**	196,330,882.33	159,546,500.74
Total	**14,577,702,423.17**	**12,077,130,854.82**	18,219,614,274.86	16,209,034,955.29

6. INCOME TAX EXPENSE

(1) Income tax expenses

Unit: RMB

Item		Amount for the Period	Amount for the same period of the previous year
Income tax expense for current year		**68,811,408.56**	39,262,733.61
Of which:	China	**60,920,561.11**	35,512,811.21
	India		
	Other regions	**7,890,847.45**	3,749,922.40
Deferred income tax		**-58,629,242.36**	-45,721,593.48
Total		**10,182,166.20**	-6,458,859.87

As far as corporate income tax rate is concerned, three overseas subsidiaries of the Company, namely Dongfang Electric (India) Private Limited (東方電氣(印度)有限公司), Dongfang Electric (Indonesia) Private Limited (東方電氣(印尼)有限公司) and Dongfang Electric Machinery Venezuela Co., Ltd. (東方電機委內瑞拉有限責任公司), are subject to corporate income tax as stipulated by the local law, partial subsidiaries enjoy a preferential rate of 15%, and the rest of the subsidiaries are subject to 25%.

7. EARNINGS PER SHARE

Unit: RMB

(1) Basic earnings per share

Basic earnings per share are computed by dividing the combined net profit attributable to Parent Company's shareholders of ordinary shares by the weighted average number of Parent Company's ordinary shares outstanding.

Process for calculating the weighted average number of ordinary shares:

Item	**Amount for the Period**	Amount for the same period of the previous year
Number of ordinary shares outstanding at the beginning of the Period	**2,336,900,368.00**	2,336,900,368.00
Weighted average number of ordinary shares outstanding	**2,336,900,368.00**	2,336,900,368.00

(2) Diluted earnings per share

Since there was no dilution effect on the share equity during the Period (no dilution effect during the same period of the previous year), the diluted earnings per share equals to the basic earnings per share.

8. SEGMENT INFORMATION

Unit: RMB

Reportable segments for the Period

Item	High-efficient cleaning power generation equipment	New energy	Hydroenergy and environmental equipment	Engineering and services	Others	Write-off	Total
Operating income	**16,154,599,945.54**	**2,616,224,558.12**	**1,096,871,126.59**	**2,207,746,580.54**	**110,362,020.43**	**7,608,101,808.05**	**14,577,702,423.17**
Include: External transaction income	**10,372,461,705.89**	**1,295,155,327.97**	**973,348,725.54**	**1,826,374,643.34**	**110,362,020.43**		**14,577,702,423.17**
Inter-segment transaction income	**5,782,138,239.65**	**1,321,069,230.15**	**123,522,401.05**	**381,371,937.20**		**7,608,101,808.05**	
Operating cost	**14,400,423,282.52**	**2,292,949,999.10**	**1,006,365,041.75**	**1,819,155,253.17**	**77,861,203.25**	**7,519,623,924.97**	**12,077,130,854.82**
Cost written off	**5,772,488,291.92**	**1,247,524,240.66**	**80,226,892.78**	**419,384,499.61**		**7,519,623,924.97**	
Period expenses					**1,784,502,442.64**	**1,793,440.39**	**1,782,709,002.25**
Operating profit (loss)	**1,754,176,663.02**	**323,274,559.02**	**90,506,084.84**	**388,591,327.37**	**-1,752,001,625.46**	**86,684,442.69**	**717,862,566.10**
Total assets					**121,067,685,414.99**	**39,648,287,345.20**	**81,419,398,069.79**
Include: Amount of substantial impairment loss on a single asset							
Total liabilities					**89,615,331,620.81**	**30,717,637,244.96**	**58,897,694,375.85**
Supplemental information							
Capital expenditure							
Recognized impairment loss of the current period					**204,007,033.93**	**2,582,784.16**	**201,424,249.77**
Including: Amortisation of impairment of goodwill							
Depreciation and amortization expenses					**521,845,477.71**		**521,845,477.71**
Non-cash expenses other than impairment loss, depreciation and amortisation							

Reportable segments for the same period of the previous year

Item	High-efficient cleaning power generation equipment	New energy	Hydroenergy and environmental equipment	Engineering and services	Others	Write-off	Total
Operating income	17,304,459,900.77	6,219,578,481.10	693,812,855.61	2,376,580,063.40	196,330,882.33	8,571,147,908.35	18,219,614,274.86
Include: External transaction income	11,140,876,782.96	3,888,321,799.30	693,791,685.47	2,300,293,124.80	196,330,882.33		18,219,614,274.86
Inter-segment transaction income	6,163,583,117.81	2,331,256,681.80	21,170.14	76,286,938.60		8,571,147,908.35	
Operating cost	15,852,764,953.31	5,943,527,257.16	661,326,010.26	2,119,740,079.26	159,546,500.74	8,527,869,845.44	16,209,034,955.29
Cost written off	6,058,356,862.89	2,326,949,097.68	3,441,964.72	139,121,920.15		8,527,869,845.44	
Period expenses					1,708,354,303.71	-15,838,068.26	1,724,192,371.97
Operating profit (loss)	1,451,694,947.46	276,051,223.94	32,486,845.35	256,839,984.14	-1,671,569,922.12	59,116,131.17	286,386,947.60
Total assets					123,085,898,737.03	37,423,164,566.04	85,662,734,170.99
Include: Amount of substantial impairment loss on a single asset							
Total liabilities					90,140,841,300.25	27,981,338,015.90	62,159,503,284.35
Supplemental information							
Capital expenditure							
Recognized impairment loss of the current period					972,521,285.22	318,527,967.66	653,993,317.56
Including: Amortisation of impairment of goodwill							
Depreciation and amortization expenses					542,842,415.39		542,842,415.39
Non-cash expenses other than impairment loss, depreciation and amortisation							

9. GAINS FROM INVESTMENT IN ASSOCIATED COMPANIES AND JOINT VENTURES

Unit: RMB

Investee companies	Balance at the beginning of the Period	Increase/decrease for the Period								Balance at the end of the Period
		Follow-on investment	Deduced investment	Recognised investment loss/gain by equity method	Adjustment to other comprehensive income	Changes in other equity	Announcement of delivery of cash dividends or profit	Provision for impairment	Others	
I. Joint ventures										
1. MHPS Dongfang Boiler Co., Ltd	183,179,419.44			5,713,052.80						**188,892,472.24**
2. Dongfang Areva Nuclear Pump Co., Ltd.	280,278,203.62			11,114,572.01			67,670,414.30			**223,722,361.33**
II. Associated companies										
1. Mitsubishi Heavy Industries Dongfang Gas Turbine (Guangzhou) Co., Ltd.	590,105,139.26			-12,657,537.02						**577,447,602.24**
2. Leshan city Dongle Heavy Piece Handling Co., Ltd.	26,025,554.98			94,099.87						**26,119,654.85**
3. Sichuan Wind Power Industry Investment Co., Ltd.	242,443,940.15			18,795,729.48						**261,239,669.63**
4. Huadian Longkou Wind Power Co., Ltd.	46,581,863.35			2,752,976.26						**49,334,839.61**
5. Inner Mongolia Energy Power Hongnijing Wind Power Co., Ltd.	15,834,151.53			2,994,945.94						**18,829,097.47**
6. CLP Combined Heavy Gas Turbine Technology Co., Ltd.	11,475,134.69			-683,516.58						**10,791,618.11**
7. Inner Mongolia Mengneng Sanshengtai Wind Power Co., Ltd.	16,000,000.00									**16,000,000.00**
8. Inner Mongolia Mengneng Wulan New Energy Co., Ltd.	35,322,255.21									**35,322,255.21**
9. Liangshan Fengguang New Energy Operation and Maintenance Co., Ltd. (涼山風光新能源運維有限責任公司)		2,000,000.00								**2,000,000.00**
Total	1,447,245,662.23	2,000,000.00		28,124,322.76			67,670,414.30			**1,409,699,570.69**

10. NET CURRENT ASSETS

Unit: RMB

Item	**Amount at the end of the Period**	Amount at the beginning of the Period
Current assets	**70,097,691,713.45**	72,637,075,446.01
Less: current liabilities	**55,677,398,205.35**	59,289,960,317.56
Net current assets	**14,420,293,508.10**	13,347,115,128.45

11. TOTAL ASSETS LESS CURRENT LIABILITIES

Unit: RMB

Item	**Amount at the end of the Period**	Amount at the beginning of the Period
Total assets	**81,419,398,069.79**	84,702,600,301.42
Less: current liabilities	**55,677,398,205.35**	59,289,960,317.56
Total assets less current liabilities	**25,741,999,864.44**	25,412,639,983.86

12. DIVIDENDS

The Board does not recommend the payment of interim dividends for 2017. (Interim dividend for the same period in 2016: Nil)

II. MANAGEMENT DISCUSSION AND ANALYSIS

Discussion and Analysis of Operations

During the Reporting Period, the Company enjoyed a great success by realizing the objective of "rising above difficulties and achieving rejuvenation" and "second venture" against the backdrop of the challenging market conditions and the difficult tasks of deepening reform and transformation. A better situation could be seen throughout the Company, the Party in depth pushed forward strict rule, production and operation had stabilised for the better, as well as steady implementation of deepening reforms. The Company reversed the loss situation and the major operating indicators of the Company achieved more than 50%.

Completion of Operation Indicators

During the Reporting Period, in accordance with the China Accounting Standards for Business Enterprises, the Company recorded a total operating revenue of RMB14,578 million, representing a decrease of 19.99% over the same period of the previous year; net profit attributable to shareholders of the Company of RMB377 million, representing an increase of RMB719 million over the same period of the previous year; and earnings per share of RMB0.16. Gross profit margin for principal operations was 17.06%, representing an increase of 6.11 percentage points over the same period of the previous year.

Capacity of Power Generation Equipment

During the Reporting Period, the Company produced power generation equipment with total capacity of 16,672MW, representing an increase of 27.7% as compared with the same period of the previous year. The equipment included 11 hydro-electric turbine generator units (933MW), up by 192.5% as compared with the same period of the previous year; 51 steam turbine generators (15,382MW), up by 28.4% as compared with the same period of the previous year; 157 wind turbine generator sets (357MW), down by 52.6% as compared with the same period of the previous year; 25 power station boilers (11,327MW), up by 11.3% as compared with the same period of the previous year; and 47 power station steam turbines (10,279MW), down by 8.2% as compared with the same period of the previous year.

Market Expansion

During the Reporting Period, in light of fierce market competition and downward momentum in the coal power market, all of the staff of the Company worked in concert to strive for expansion in both domestic and international markets, and ultimately made its way out with increasing market orders and made a significant breakthrough. For hydropower, the Company won the bid for Changlongshan 4 sets of 350MW Francis type hydropower generating units and the second phase of 4 sets of 300MW pumped-storage mechanism in Fengning. For thermal power, it also won the bid for the three 2×1,000MW main modules with ultra-supercritical double reheat features of Zhongxing Electric Power in Penglai, which made up for its shortcomings in efficient, clean, high-capacity coal power market. It won the bid for the second phase of the coastal project in Vietnam with three 2×660MW main modules with supercritical features, ensuring that all main modules and equipment for the construction of the first phase to third phase of 6×660MW coastal power plant projects would be provided by the Company. The Company won the bid for six 300MVar phase modifiers of State Grid and expanded into new business field. For nuclear power, the Company won the bid for reactor pressure vessels for No. 1 generating unit of Hualong Huizhou and won the bid for 4 sets of components for reactor units for the Beijiao project and Huadu project for steam power segment all at one go. In the first half of 2017, the market share of thermal power segment, hydropower segment and F-grade steam power segment of the Company exceeds 50%. For power plant services, the Company won the bid for the renovation projects of steam turbines of Huaneng Dezhou, Guodian Beilun and Datang Xigu and renovated imported generating units from GE and Toshiba for the first time.

During the Reporting Period, the Company's new valid orders amounted to RMB15,100 million, of which export orders were equivalent to RMB900 million. Among the new orders, 47.6% was attributable to high-efficient cleaning energy, 11.6% to new energy, 20.5% to water energy and environmental protection, and 20.3% to engineering and services. As at 30 June 2017, the Company had orders in hand of RMB93,800 million, of which high-efficient cleaning energy accounted for 57%, new energy accounted for 16%, water energy and environmental protection accounted for 11%, and engineering and services accounted for 16%. Export orders accounted for 18.4% of the orders in hand.

Execution of Contracts

In the first half of 2017, there was a serious contradiction between controlling risks and securing demands in respect of the coal power projects. Nevertheless, the Company strengthened its communication with users, and carried out in-depth site research for projects to ensure that the delivery progress of projects was able to meet the on-site needs. In the first half of the year, the Company exported its nuclear power low pressure heater to France, marking China's first export of nuclear power product to Europe. No. 2 generating unit of Huadian Yangzhou thermal turbine project passed 168 hours of trial run, and was officially put into commercial operation. The construction of the world's largest single-capacity half-speed nuclear power turbine low-voltage module was successfully completed, marking a major breakthrough of the third generation of China's nuclear power technology innovation.

Improvement of Quality and Efficiency

In accordance with the requirements of SASAC of State Council under "the implementation plan for the streamlining and quality and efficiency enhancement of central enterprises for 2017", the Company further improved the execution mechanism, solidly push forward work in respect of the reduction of stocks, accounts receivables and costs and improvement in centralized procurement, and centralized capital management. The working objectives of "Three Reductions" had been incorporated into the economic accountability mechanism indicators of the Company for assessment, and the objective of "Two Improvements" had been included in the special project assessment, research and analysis of problems and summarizing experience. In the first half of 2017, the Company achieved remarkable results in "Three Reductions and Two Improvements", in which the outstanding balance of accounts receivables and outstanding balance of abnormal inventories decreased as compared with the beginning of the year, while the gross profit margin of our main business obviously increased, centralized procurement reaching more than 95% and centralized funds management was strengthened.

Technology Innovation

The Company was awarded the only special prize of the scientific and technological progress in Sichuan Province for its "research and development on giant tubular hydro-generating unit key technology and Gerry Power Plant" project, which fulfilled the accomplishment of an award in mechanical category that the Group had not received for over ten years.

The Company vigorously implemented its innovation-driven development strategy to steadfast advance major science and technology projects and "Climbing Plan". The research and development and demonstration applications of the double reheat 1,000MW ultra-supercritical generating unit key technology with 630°C ultra-high parameters has achieved market breakthrough, and obtained first-mover advantage. The Company made positive progress in the scientific research and development of the 1,000MW giant Francis hydroelectric units, nuclear power Hualong No. 1 steam generator, CAP1400 major and special products, independent 50MW heavy-duty gas turbine, 660MW ultra supercritical fluidized bed boiler. The Company made significant breakthrough in solar thermal power generation technology and successfully developed the first 50MW high power photo-thermal turbine generating unit in China, which has passed the empty load trial run in one take.

Deepening Reforms

With the improvement in the management system, management efficiency of the Company was further enhanced and the management hierarchy was further streamlined. The Company focused on "industrial operation" and put effort into institutional innovation. It developed and promoted a number of reform initiatives, revised the management methods of wind power, nuclear power and others and carried out extensive strategic cooperation with an aim to promote upgrading of industrial structure.

(I) Analysis of Principal Business

1. Analysis of changes in certain items in the income statement and cash flow statement

Unit: RMB

Item	Amount for the Period	Amount for the same period of the previous year	Change (%)
Operating revenue	**14,577,702,423.17**	18,219,614,274.86	**-19.99**
Operating cost	**12,077,130,854.82**	16,209,034,955.29	**-25.49**
Selling expenses	**538,169,699.41**	510,653,919.48	**5.39**
Administrative expenses	**1,463,415,505.07**	1,467,129,882.99	**-0.25**
Finance costs	**-218,876,202.23**	-253,591,430.50	**13.69**
Net cash flows from operating activities	**-1,145,708,488.75**	3,146,117,893.88	**-136.42**
Net cash flows from investing activities	**12,296,892.37**	-127,417,009.78	**109.65**
Net cash flows from financing activities	**-495,336,113.45**	-1,113,490,456.75	**55.52**
Research and development expenses	**341,975,990.52**	447,058,171.31	**-23.51**

2. Top five sales customers and suppliers

(1) Major sales customers

During the Reporting Period, the Group's operating revenue from its top five customers amounted to RMB2,628 million, accounting for 18.02% of the Company's total operating revenue.

(2) Major suppliers

During the Reporting Period, the Group's procurement from its top five suppliers amounted to RMB861 million, accounting for 7.20% of the Company's total procurement.

3. Cash flows

Unit: RMB

Item	**Amount for the Period**	Amount for the same period of the previous year	Change *(%)*
Net cash flows from operating activities	**-1,145,708,488.75**	3,146,117,893.88	-136.42
Cash received from disposal of investments	**20,617,271.64**	615,981.31	3,247.06
Cash paid for acquisition and construction of fixed assets, intangible assets and other long-term assets	**77,237,592.55**	88,515,201.73	-12.74
Cash paid for investment	**2,000,000.00**	39,966,755.66	-95.00
Cash received from borrowings	**398,650,000.00**	674,440,000.00	-40.89
Cash paid for distribution of dividends or profits and for interest expense	**23,266,444.25**	40,720,622.15	-42.86

(1) Net cash flow from operating activities decreased year-on-year by 136.42% mainly due to a year-on-year decrease in the recovery of receivables in the first half of the year, as well as the increase of the corresponding payments for purchases due to the relatively bigger year-on-year production of power generation equipment and boilers (the production of power generation equipment and power station boilers grew by 21.1% and 11.3% respectively), which resulted in the negative net cash flow from operating activities.

(2) Cash received from disposal of investments significantly increased year-on-year mainly due to the realization from the disposal of equity investments during the Period.

(3) Net cash paid for purchase of fixed assets, intangible assets and other long-term assets decreased year-on-year by 12.74% mainly due to the decrease of purchase of assets during the Period.

(4) Cash paid to acquire investments decreased year-on-year by 95.00% mainly due to the decrease in external investment made by the Company during the Period.

(5) Cash received from borrowings decreased year-on-year by 40.89% mainly due to the continued scaled-down of loans as the Company repaid the borrowings due from financial institutions during the Period.

(6) Cash payments for interest expenses and distribution of dividends or profits decreased year-on-year by 42.86% mainly due to the year-on-year decrease in dividends distributed by the Company during the Period, and the year-on-year decrease in interest paid for borrowings from financial institutions as the borrowing amounts decreased.

(II) Analysis of Operations by Industry, Product or Region

1. Principal operations by industry and product

Unit: RMB

Product	Operating revenue	Operating costs	Gross profit margin (%)	Year-on-year increase/ decrease in operating revenue (%)	Year-on-year increase/ decrease in operating costs (%)	Year-on-year increase/ decrease in gross profit margin *(percentage point)*
			Principal operations by industry			
Power generation equipment industry	14,467,340,402.74	11,999,269,651.57	17.06	-19.73	-25.24	6.11
			Principal operations by product			
High-efficient cleaning power generation equipments	10,372,461,705.89	8,627,934,990.60	16.82	-6.90	-11.91	4.73
New energy	1,295,155,327.97	1,045,425,758.44	19.28	-66.69	-71.09	12.29
Water energy and environmental equipments	973,348,725.54	926,138,148.97	4.85	40.29	40.78	-0.33
Engineering and services	1,826,374,643.34	1,399,770,753.56	23.36	-20.60	-29.33	9.46

(1) Except for the slight growth in the revenue from the hydropower and environmental protection equipment segment, revenue from other segments of the Company declined in various extent during the Period due to the macroeconomic effect on the Company. The revenue of principal operations during the Period decreased year-on-year by 19.73%.

(2) The operating revenue from high-efficient cleaning power generation equipment decreased year-on-year by 6%, mainly due to downsizing of sales of thermal power and gas turbine products during the Period. The gross profit margin of high-efficient cleaning power generation equipment increased year-on-year by 4.73% mainly due to the "cost-driven program" carried out by the Company during the Period, which strengthened the internal management with cost reduction and higher efficiency, especially in terms of improvement in domestic production, centralized procurement and material utilization.

(3) The revenue from new energy products decreased year-on-year by 66.69% mainly due to the year-on-year decrease of 78.68% in revenue of the wind power products during the Period. The gross profit margin of the new energy increased year-on-year by 12.29 percentage points, which was primarily resulted from the reduction of proportion of lower profitability wind power products in the new energy products.

(4) The revenue from hydropower and environmental protection equipment increased year-on-year by 40.29%, mainly due to the increase of 58.78% and 19.40% in the revenue from hydropower projects and environmental protection equipment respectively during the Period. The gross profit margin of this segment slightly declined year-on-year.

(5) Revenue from construction and services decreased year-on-year by 20.60% during the Period mainly due to the year-on-year decrease of 25.46% and 5.13% in the revenue from engineering projects and power station services respectively. The gross profit margin of engineering and services segment increased year-on-year by 9.46 percentage points due to the higher gross profit margin of some engineering projects.

2. *Principal operations by region*

Unit: RMB

Region	Operating revenue	Year-on-year increase/decrease in operating revenue (%)
PRC	12,641,812,440.85	-20.45
Overseas	1,825,527,961.89	-14.34
Total	14,467,340,402.74	-19.73

(III) Analysis of Major Subsidiaries and Investees

Unit: RMB100 million

Company name	Equity interest held by the Company	Main products or services	Paid-up capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
DEC Dongfang Steam Turbine Co., Ltd.	100%	Production, processing and sales of steam turbines, water turbine, gas turbines, compressors, fans, pumps and auxiliary equipment, wind turbine generator units, solar and renewable energy; industrial control and automation; the research, design, installation, alteration and maintenance services of the power stations and the corresponding equipment; mechanical equipment and accessories as well as the related import and export business.	18.46	283.47	17.42	50.94	1.01	1.33
DEC Dongfang Electric Machinery Co., Ltd.	100%	Design, manufacturing and sales of complete sets of power generation equipment, generators, AC and DC motors; the design, manufacturing and sales of control equipment; the transformation of power stations, the installation of power station equipment.	20.00	135.33	36.45	25.02	-0.62	0.79
DEC Dongfang Boiler Group Co., Ltd.	99.67%	Development, design, manufacturing, and sales of power station boilers, power station auxiliary equipment, industrial boilers, power station valves, petrochemical vessels, nuclear reaction equipment and environmental equipment, (desulfurisation, denitrification, wastewater and solid waste treatment etc).	16.06	220.11	53.61	54.18	1.78	1.58

Company name	Equity interest held by the Company	Main products or services	Paid-up capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Dongfang Electric (Guangzhou) Heavy Duty Machinery Co., Ltd.	65.1813%	Any business prohibited by national laws and regulations shall not be operated; any business which is subject to special approval shall be operated upon approval; and other businesses can be independently organized and operated	11.51	34.60	16.77	5.54	0.42	0.34
Dongfang Electric Wind Power Co., Ltd.	100%	Design, production, sales and service of wind turbine generator units and introduction, development and application of associated technology; construction and operation of wind farms, manufacturing and sales of components and parts of wind-mill generators; technical service and technical consultation related to manufacturing of fans as well as construction and operation of wind farms; and import and export of wind turbine generator units, components and parts and associated technologies.	7.50	77.59	0.91	10.71	0.13	0.12

(IV) Financial Position and Operating Results during the Reporting Period

1. *Analysis of operating results*

Unit: RMB

Item	Amount for the Period	Amount for the same period of the previous year	Year-on-year increase/ decrease *(%)*
Operating revenue	**14,577,702,423.17**	18,219,614,274.86	-19.99
Selling expenses	**538,169,699.41**	510,653,919.48	5.39
Administrative expenses	**1,463,415,505.07**	1,467,129,882.99	-0.25
Finance costs	**-218,876,202.23**	-253,591,430.50	13.69
Impairment loss of assets	**201,424,249.77**	653,993,317.56	-69.20
Total profit	**433,723,685.81**	-343,668,563.43	226.20
Income tax expenses	**10,182,166.20**	-6,458,859.87	257.65
Net profit	**423,541,519.61**	-337,209,703.56	225.60
Net profit attributable to shareholders of the parent company	**377,087,901.81**	-341,652,500.96	210.37

(1) Total revenue decreased year-on-year by 19.99% during the Period due to the macroeconomic effect on the Company.

(2) The selling expenses of the Company increased year-on-year by 5.39% during the Period mainly due to a year-on-year increase of the product quality service fees provided during the Period.

(3) The administrative expenses of the Company were basically flat year-on-year during the Period.

(4) The finance costs of the Company increased year-on-year by 13.69% during the Period mainly due to a year-on-year increase of the exchange loss during the Period resulting from the fluctuation of RMB exchange rate.

(5) The operating profit of the Company increased year on-year by 210.49%, total profit increased year-on-year by 226.20%, and net profit increased year-on-year by 225.60%. The gross profit margin of the principal operations increased year-on-year by 6.11 percentage points during the Period.

2. Financial Position and analysis of assets, liabilities and shareholders' equity

As at the end of the Period, the Company's total assets amounted to RMB81,419 million. The assets scale decreased slightly, among which sharp decreases were recorded in accounts receivable and monetary fund, with decreases of 6.43% and 5.84% respectively. Total liabilities amounted to RMB58,898 million, down by 5.94% as compared with the beginning of the year, mainly attributable to the decrease of 20.57% in bills payable. Total shareholders' equity amounted to RMB22,521 million, up by 1.97% as compared with the beginning of the year, mainly attributable to the operating profit for the Period.

3. Gearing ratio

Gearing ratio = total liabilities/total assets × 100%

Item	**At the end of the Period**	At the beginning of the year	Year-on-year increase/ decrease *(percentage point)*
Gearing ratio *(%)*	**72.34**	73.93	-1.59

4. Bank borrowings

As at 30 June 2017, the Company had financial institution (bank) borrowings of RMB1,040 million due within one year and bank borrowings of RMB37 million due beyond one year. The Company's borrowings and cash and cash equivalents are mainly dominated in RMB. In particular, RMB834 million were fixed-rate loans. The Company has maintained a favourable credit rating with banks and a sound financing capacity.

5. Exchange risk management

With the increasing scale of the international operations of the Company, foreign exchange rate risk has become a more important element that affects the Company's operating results. With a view to effectively reduce the impact of fluctuations in foreign currency exchange rates on the Company's financial position and operating results, the Company prudently adopts exchange rate hedging instruments including forward exchange settlement for hedging purpose to limit the risks arising from exchange rate fluctuations.

6. Pledge of assets

The pledged borrowings of the Company amounted to RMB159 million at the end of the Period. The borrowings were obtained from Dongfang Electric Finance Co., Ltd. by DEC (Wuhan) Nuclear Equipment Company Limited. and collateralized by machinery and equipment, land and real estate (the maximum loan amount was RMB200 million). As at the end of the Period, such portion of the borrowing was not due for repayment.

(V) Material Events

1. The Proposal for Acquisition of Assets by Issuance of Shares of Dongfang Electric Corporation Limited and Connected Transaction

On 8 December 2016, the Company received a notice from its controlling shareholder, Dongfang Electric Corporation, ("DEC"), that DEC is contemplating material matters which may involve the Company's issuance of its A shares for the acquisition of assets of DEC. As such matters consisted of significant uncertainties, the Company's A Shares were temporarily suspended as of 9 December 2016. Please refer to the website of the Shanghai Stock Exchange (www.sse.com.cn) and the website of The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange") (www.hkexnews.hk) for details on the regular follow-up announcements in respect of continuous suspension published in accordance with requirements.

On 7 March 2017, the fifteenth meeting of the Eight session of the Board approved the publication of "The Proposal for Acquisition of Assets by Issuance of Shares of Dongfang Electric Corporation Limited and Connected Transaction". Please refer to the website of the Shanghai Stock Exchange (www.sse.com.cn) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk) for details. The Company's A Shares resumed trading on 28 March 2017. Since the publication of the Proposal, the Company has actively proceeding with the work for acquisition of assets by issuance of shares and, applying for a whitewash waiver in respect of the obligations of DEC to make a mandatory general offer under the Hong Kong Company's Takeovers Code for all the securities not already owned or agreed to be acquired by DEC and parties acting in concert as a result of the issuance of consideration shares.

2. Winding up of an indirect wholly-owned subsidiary

In May 2017, the People's Court of Hangzhou Xiaoshan District accepted commencement of winding up process of Dongfang Electric New Energy Equipment (Hangzhou) Co., Ltd, an indirect wholly-owned subsidiary of the Company (relevant information was set out in the announcement of the Company published on 13 June 2017 on the website of the Shanghai Stock Exchange and the website of the Hong Kong Stock Exchange). Subsequently, the court has engaged an official receiver to take over the Hangzhou New Energy. Currently, creditors had lodged their claims with the official receiver. The official receiver had convened and held a creditors' meeting on 14 July 2017, confirmation of claims and other work are still in legal process.

(VI) Prospect for the Second Half of 2017

Following the Company's guidance principles on capacity reduction, cost reduction, structural adjustment and intensifying transformation and upgrade efforts, thus ensuring the Company to rise above difficulties and achieve rejuvenation. The Company planned to produce power generation equipment with total capacity of 28,000 MW for the whole year and operating revenue to remain relatively stable; it will further enhance cost reduction efficiency, increase corporate profitability, achieve a turnaround from loss and promote a healthy and sustainable development of the Company.

III. OTHER EVENTS

(I) Purchase, sales or redemption of listed securities of the Company

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the Period.

(II) Major Acquisition and Disposal of Subsidiaries and Associates

During the six months ended 30 June 2017, neither the Company's subsidiaries nor its associates was purchased or sold.

(III) External Guarantee and Performance

Unit: RMB

External guarantees provided by the Company (excluding guarantees provided for subsidiaries)

Guarantor	Relationship between guarantor and listed company	Guaranteed parties	Guaranteed amount	Date of guarantee (execution date of agreement)	Commencement date of guarantee	Expiry date of guarantee	Type of guarantee	Is the guarantee fully fulfilled	Is the guarantee overdue	Amount overdue	Any default on guarantee	Is the guarantee provided to related party	Related party relationship
Dongfang Electric Co., Ltd.	Headquarters of the Company	Inner Mongolia Energy Power Hongnijing Wind Power Co., Ltd.	16,000,000	19 January 2016	19 January 2016	19 January 2026	General pledge	No	No	0	No	No	Other
Dongfang Electric Co., Ltd.	Headquarters of the Company	Inner Mongolia Mengneng Sanshengtai Wind Power Co., Ltd.	16,000,000	29 June 2016	29 June 2016	29 June 2026	General pledge	No	No	0	No	No	Other
Dongfang Electric Co., Ltd.	Headquarters of the Company	Inner Mongolia Wulan New Energy Co., Ltd.	36,000,000	27 October 2016	27 October 2016	27 October 2026	General pledge	No	No	0	No	No	Other
DEC Dongfang Steam Turbine Co., Ltd.	Wholly-owned subsidiary	Mitsubishi Heavy Industries Dongfang Gas Turbine (Guangzhou) Co., Ltd.	24,500,000	22 September 2016	22 September 2026	30 April 2025	General pledge	No	No	0	No	No	Other

Total guarantee incurred during the Reporting Period (excluding those provided to subsidiaries)	92,500,000
Total balance of guarantee as at the end of the Reporting Period (A) (excluding those provided to subsidiaries)	92,500,000

Guarantee provided by the Company to its subsidiaries

Total guarantee to subsidiaries incurred during the Reporting Period	0
Total balance of guarantee to subsidiaries as at the end of the Reporting Period (B)	0

Aggregate guarantee of the Company (including those to subsidiaries)

Aggregate guarantee (A+B)	92,500,000
Percentage of aggregate guarantee to net assets of the Company (%)	0.41%
Representing:	
Amount of guarantee provided for shareholders, controlling shareholders and their related parties (C)	0
Balance of debts guarantee directly or indirectly provided to guaranteed parties with gearing ratio over 70% (D)	0
Excess amount of aggregate guarantee over 50% of net assets (E)	0
Aggregate amount of the above three items (C+D+E)	0
Statement on the contingent joint and several liability in connection with unexpired guarantee	The Company provided financing guarantees for Inner Mongolia Energy Power Hongnijing Wind Power Co., Ltd., Inner Mongolia Mengneng Sanshengtai Wind Power Co., Ltd. and Inner Mongolia Mengneng Wulan New Energy Co., Ltd. with its 20% equity interests and derivative interests in the above three companies. The guarantees shall be valid from the effective date of the equity pledge agreement until all debts under the financial leasing contract are being repaid. The guarantee provided by DEC Dongfang Steam Turbine Co., Ltd. for Mitsubishi Heavy Industries Dongfang Gas Turbine (Guangzhou) Co., Ltd. constitutes a continuous security of payment and performance of obligations. The Guarantor's obligations under the guarantee should not exceed and should be limited to the scope of obligations and liabilities to be assumed by the vendor pursuant to the contract.
Statement on guarantee	For details on the above guarantees, please refer to the announcements on financial leasing guarantee issued the Company on the website of Shanghai Stock Exchange on 9 January 2016, 28 June 2016 and 26 August 2016, respectively.

(IV) Material Litigation, Arbitration and Matters Commonly Questioned By The Media

During the Period, the Company was not involved in any material litigation, arbitration and matters commonly questioned by the media.

(V) Employees

As at 30 June 2017, the Company had 20,487 employees. The Company carried out remuneration management in accordance with management rules for total remuneration, employee salary and labour employees and other relevant systems.

(VI) Corporate Governance Code

The Company has fully complied with all code provisions of the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the Period.

(VII) Model Code for Securities Transactions

The Company has adopted a code of conduct regarding securities transactions by directors and supervisors of the Company on 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Having made specific enquiry to all Directors and supervisors of the Company, the Company confirms that, as at 30 June 2017, the 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.

(VIII) Audit Committee

The Board has set up an audit committee comprising three independent non-executive Directors, namely, Mr. Chen Zhangwu, Mr. Gu Dake and Mr. Xu Haihe. Mr. Xu Haihe, the independent non-executive Director holds the post of the chairman. The audit committee has reviewed the interim results of the Company for the Period, and agreed with the accounting treatment method adopted by the Company.

(IX) Information Disclosure

This results announcement will be available on the websites of Hong Kong Stock Exchange (http://www.hkexnews.hk) and the Company (http://dfem.wsfg.hk). The interim report of the Company for the period ended 30 June 2017, which contains all information as proposed in the Disclosure of Financial Information set out in Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, will be dispatched to shareholders of the Company and published on the websites of Hong Kong Stock Exchange and the Company in due course.

By Order of the Board
Dongfang Electric Corporation Limited
Zou Lei
Chairman

Chengdu, Sichuan, the People's Republic of China
30 August 2017

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

Directors:	*Zou Lei, Zhang Xiaolun, Huang Wei, Zhu Yuanchao and Zhang Jilie*
Independent Non-executive Directors:	*Chen Zhangwu, Gu Dake and Xu Haihe*