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 2019 INTERIM RESULTS

RESULTS HIGHLIGHTS

Total operating revenue of the Group in the first half of 2019 amounted to RMB15,841 million, representing a decrease of 4.44% compared with the same period of the previous year;

Net profit attributable to shareholders of the Company in the first half of 2019 amounted to RMB730 million, representing an increase of 36.46% compared with the same period of the previous year;

Earnings per share of the Group in the first half of 2019 amounted to RMB0.24, as compared with RMB0.17 for the same period of the previous year;

New orders of the Group in the first half of 2019 amounted to RMB19,261 million; and

The Board does not recommend the payment of the interim dividend.

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 (collectively, the "**Group**") for the six months ended 30 June 2019 (the "**Period**" or "**Reporting Period**") prepared in accordance with the China Accounting Standards for Business Enterprises. The interim results have been reviewed by the audit and review committee of the Company.

I. FINANCIAL INFORMATION

Consolidated Statement of Financial Position
30 June 2019

Unit: RMB

Item	*Notes*	**Closing balance**	Opening balance
Current Assets:			
Cash and cash equivalents		**24,372,317,166.49**	29,346,448,438.05
Clearing provision		**–**	–
Funds for lending		**–**	300,000,000.00
Held-for-trading financial assets		**2,397,732,371.99**	3,122,839,818.04
Derivative financial assets		**–**	–
Notes receivable	3	**3,523,209,806.01**	5,109,357,725.63
Accounts receivable	3	**6,271,270,605.23**	6,555,217,018.91
Receivables financing		**–**	–
Prepayments		**2,140,079,314.08**	1,913,342,742.55
Premiums receivable		**–**	–
Amounts receivable under reinsurance contracts		**–**	–
Reinsurer's share of insurance contract reserves		**–**	–
Other receivables		**765,031,374.85**	535,465,160.58
Financial assets purchased under resale agreements		**3,175,118,000.00**	1,744,127,000.00
Inventories		**12,545,644,518.53**	13,873,986,465.23
Contract assets		**10,728,811,974.82**	10,187,971,672.86
Assets held for sale		**–**	–
Non-current assets due within one year		**8,500,000.00**	396,500,000.00
Other current assets		**441,751,481.47**	470,439,698.83
Total Current Assets		**66,369,466,613.47**	73,555,695,740.68

Item	*Notes*	**Closing balance**	Opening balance
Non-current Assets:			
Loans and advances		**944,687,237.71**	430,663,941.00
Debt investments		**6,845,902,735.75**	4,922,529,793.75
Other debt investments		**–**	–
Long-term receivables		**–**	13,775,453.41
Long-term equity investments	10	**1,567,549,009.40**	1,516,634,253.84
Other investments in equity instruments		**5,989,859.48**	4,989,859.48
Other non-current financial assets		**–**	–
Investment properties		**150,299,296.38**	153,816,742.24
Fixed assets		**5,544,637,249.08**	5,902,438,578.09
Constructions in process		**287,095,704.88**	188,792,238.53
Productive biological assets		**–**	–
Oil and gas assets		**–**	–
Right-of-use assets		**36,192,597.79**	–
Intangible assets		**1,642,028,115.83**	1,681,044,339.19
Development expenditure		**–**	–
Goodwill		**–**	–
Long-term deferred expenses		**38,401,937.92**	51,778,532.60
Deferred tax assets		**2,931,084,908.26**	2,897,188,154.97
Other non-current assets		**–**	3,981,790.00
Total Non-current Assets		**19,993,868,652.48**	17,767,633,677.10
TOTAL ASSETS		**86,363,335,265.95**	91,323,329,417.78

Item	*Notes*	**Closing balance**	Opening balance
Current Liabilities:			
Short-term Loans		**232,417,000.00**	245,566,000.00
Loans from the central bank		**–**	–
Taking from banks and other financial institutions		**–**	–
Held-for-trading financial liabilities		**–**	–
Derivative financial liabilities		**–**	–
Notes payable	4	**2,046,294,554.01**	3,552,762,831.53
Accounts payable	4	**12,376,600,247.50**	11,540,188,158.94
Receipts in advance		**–**	–
Financial assets sold under repurchase agreements		**–**	–
Customer deposits and deposits from banks and other financial institutions		**4,654,853,318.52**	4,793,625,912.49
Funds from securities trading agency		**–**	–
Funds from underwriting securities agency		**–**	–
Employee benefits payable		**643,552,916.30**	772,584,805.65
Taxes payable		**155,244,684.68**	461,097,975.94
Other payables		**2,165,736,027.02**	1,749,869,606.78
Fees and commissions payable		**–**	–
Amounts payable under insurance contracts		**–**	–
Contract liabilities		**24,996,615,106.96**	29,460,944,098.28
Liabilities as held for sale		**–**	–
Non-current liabilities due within one year		**16,320,000.00**	16,320,000.00
Other current liabilities		**78,111,195.95**	103,588,912.65
Total Current Liabilities		**47,365,745,050.94**	52,696,548,302.26

Item	*Notes*	**Closing balance**	Opening balance
Non-current Liabilities:			
Insurance contract reserves		**–**	–
Long-term borrowings		**453,222,718.36**	462,864,840.00
Bonds payable		**–**	–
Including: Preferred stock		**–**	–
Perpetual capital securities		**–**	–
Lease liabilities		**35,731,374.49**	–
Long-term payables		**26,445,460.52**	26,340,460.52
Long-term accrued payroll		**861,434,826.16**	837,303,270.07
Provisions liabilities		**5,983,877,460.17**	6,136,106,066.37
Deferred income		**471,290,713.83**	444,014,801.58
Deferred tax liabilities		**21,337,057.58**	26,243,061.77
Other non-current liabilities		**–**	–
Total Non-current Liabilities		**7,853,339,611.11**	7,932,872,500.31
TOTAL LIABILITIES		**55,219,084,662.05**	60,629,420,802.57

Item	*Notes*	**Closing balance**	Opening balance
OWNERS' EQUITY:			
Share capital		**3,090,803,431.00**	3,090,803,431.00
Other equity instruments		**–**	–
Including: Preferred stock		**–**	–
Perpetual capital securities		**–**	–
Capital reserves		**11,251,874,281.59**	11,251,874,281.59
Less: Treasury shares			
Other comprehensive income		**-30,790,567.75**	-33,400,468.00
Special reserves		**91,966,269.55**	79,395,179.18
Surplus reserves		**871,273,166.80**	871,273,166.80
General risk reserves		**–**	–
Retained profits	5	**13,713,809,704.09**	13,324,105,405.23
Total owners' equity attributable to equity holders of the parent company		**28,988,936,285.28**	28,584,050,995.80
Non-controlling Shareholders' equity		**2,155,314,318.62**	2,109,857,619.41
Total owners' equity(or shareholder's equity)		**31,144,250,603.90**	30,693,908,615.21
TOTAL LIABILITIES AND OWNERS' EQUITY (OR SHAREHOLDER'S EQUITY)		**86,363,335,265.95**	91,323,329,417.78

Consolidated Income Statement

January–June 2019

Unit: RMB

Item	*Notes*	**Amount for the Period**	Amount for the same period of the previous year (Restated)
I. Total revenue	6	**15,841,165,600.17**	16,576,811,643.24
Including: Operating income		**15,309,891,387.85**	16,134,045,440.79
Interest income		**531,274,212.32**	435,851,468.51
Premium earned		**–**	–
Fee and commission income		**–**	6,914,733.94
II. Total operating costs		**14,529,860,250.66**	15,627,623,148.82
Including: Operating costs		**11,993,909,056.13**	13,526,813,274.59
Interest expenses		**40,719,217.85**	36,685,455.96
Fee and commission expenses		**594,693.41**	599,613.51
Surrenders		**–**	–
Claims and policyholder benefits (net of amounts recoverable from reinsurers)		**–**	–
Changes in insurance contract reserves (net of reinsurers' share)		**–**	–
Insurance policyholder dividends		**–**	–
Expenses for reinsurance accepted		**–**	–
Tax and levies		**133,237,744.74**	176,861,358.72
Sales expenses		**461,061,153.42**	452,003,208.19
Administrative expenses		**1,144,703,122.20**	1,157,879,268.42
R&D expenses		**785,932,757.27**	431,544,259.78
Financial expenses		**-30,297,494.36**	-154,763,290.35
Including: Interest expenses		**16,965,368.96**	18,118,044.88
Interest income		**41,526,780.39**	80,353,611.52

Item	*Notes*	**Amount for the Period**	Amount for the same period of the previous year (Restated)
Add: Other gains		**35,193,001.67**	25,489,408.15
Investment income (Loss is indicated by "-")		**150,623,380.79**	145,030,452.00
Including: Income from investments in associates and joint ventures		**101,336,724.54**	78,004,294.85
Derecognition gains on financial assets measured at amortized cost (losses are indicated by ("–")		**–**	–
Foreign exchange gains (losses are indicated by ("–")		**407,997.15**	468,880.04
Gains from net exposure hedges (losses are indicated by "–")		**–**	–
Gains from changes in fair values (losses are indicated by "–")		**-78,884,253.33**	-8,276,082.08
Credit impairment loss (losses are indicated by "–")		**-176,131,592.81**	-367,849,064.34
Impairment loss of assets (losses are indicated by "–")		**-347,801,337.28**	-79,460,325.47
Gains from disposal of assets (losses are indicated by "–")		**1,200,600.28**	779,505.43
III. Operating profit (Loss is indicated by "-")		**895,913,145.98**	665,371,268.15
Add: Non-operating income		**36,121,605.45**	44,597,948.64
Less: Non-operating expenses		**14,056,491.92**	77,392,027.71

Item	*Notes*	**Amount for the Period**	Amount for the same period of the previous year (Restated)
IV. Total profit (Total loss is indicated by "-")		**917,978,259.51**	632,577,189.08
Less: Income tax expenses	7	**131,858,274.81**	78,256,801.75
V. Net profit (Net loss is indicated by "-"))		**786,119,984.70**	554,320,387.33
(I). Classified by continuing operations			
1. Net profit from continuing operations (net loss indicated by "-")		**786,119,984.70**	554,320,387.33
2. Net profit from discontinued operations (net loss indicated by "-")		**–**	–
(II). Classified by ownership			
1. Net profit attributable to shareholders of parent company (net loss indicated by "-")		**729,692,676.27**	534,714,441.13
2. Profit or loss attributable to minority interest (net loss indicated by "-")		**56,427,308.43**	19,605,946.20

Item	*Notes*	**Amount for the Period**	Amount for the same period of the previous year (Restated)
VI. Other comprehensive income ("OCI") (net of tax)		**2,630,247.87**	-7,637,161.58
Net OCI attributable to owners of the parent company		**2,609,900.25**	-7,459,578.67
(I) OCI that will not be reclassified to profit and loss		**–**	-5,727,418.69
1. Changes arising from defined benefit plans recognized		**–**	–
2. Shares of OCI by equity method that will not be reclassified to profit and loss		**–**	–
3. Changes in fair value of investment in other equity instruments		**–**	-5,727,418.69
4. Changes in fair value of the Company's own credit risks		**–**	–
(II) OCI that will be reclassified to profit and loss		**2,609,900.25**	-1,732,159.98
1. OCI by equity method that will be reclassified to profit and loss		**–**	–
2. Changes in fair value of other debt investment		**–**	–
3. The amount of financial assets reclassified into OCI		**–**	–
4. Credit impairment provisions for other debt investment		**–**	–
5. Reserve on cash flow hedges derivatives		**–**	–
6. Foreign currency translation differences-foreign operation		**2,609,900.25**	-1,732,159.98
7. Others		**–**	–
OCI attributable to non-controlling interest, (net of tax)		**20,347.62**	-177,582.91

Item	*Notes*	**Amount for the Period**	Amount for the same period of the previous year (Restated)
VII. Consolidated income		**788,750,232.57**	546,683,225.75
Consolidated income attributable to owners of parent company		**732,302,576.52**	527,254,862.46
Consolidated income attributable to non-controlling interests		**56,447,656.05**	19,428,363.29
VIII. Earnings per share:			
(1) Basic earnings per share *(RMB/share)*	8	**0.24**	0.17
(2) Diluted earnings per share *(RMB/share)*	8	**0.24**	0.17

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2019

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Based on the going-concern assumption and transactions and events actually incurred, the financial statements have been prepared by the Company in accordance with the Accounting Standards for Business Enterprises and specific accounting standards, the Accounting Standards for Business Enterprises–Application Guide, interpretations to the Accounting Standards for Business Enterprises and the other related provisions (hereafter collectively referred to as "**ASBEs**") by the Ministry of Finance of the PRC, No. 15 Information Disclosures Regulations for Companies Offering Shares in Public – General Rules of Preparing Financial Reports issued by China Securities Regulatory Commission, and disclosure requirements under Rules Governing the Listing of Securities on The Stock Exchanges of Hong Kong Limited and Hong Kong Companies Ordinance.

The reasons of retrospective adjustment of the financial statement of the Company

The details of business combination under common control:

The Company's subsidiary DEC Dongfang Electric Machinery Co., Ltd. (hereinafter referred to as the "**DFEM**") has signed an equity acquisition agreement with its parent company, Dongfang Electric Corporation (hereinafter referred to as "**Dongfang Electric Corporation**"), and has agreed to acquire the Dongfang Electrical Machinery Works (hereinafter referred to as the "**DE Plant**") from Dongfang Electric Corporation by issuance of A shares. DFEM has completed the mergers of the DE Plant on the closing date on 31 December 2018.

The Company's subsidiary DEC Dongfang Turbine Co, Ltd. (hereinafter referred to as the "**Dongfang Turbine Company**") has signed an equity acquisition agreement with Dongfang Electric Corporation, and has agreed to acquire the DEC Dongqi Investment Development Co., Ltd. (hereinafter referred to as the "**Dongqi Investment Development**") and its subsidiary Deyang Dongfang Abele Pipe System Co., Ltd. (hereinafter referred to as "**Dongfang Abele**") from Dongfang Electric Corporation by issuance of A shares. Dongfang Turbine Company has completed the mergers of the Dongqi Investment Development on the closing date on 31 December 2018 and Dongfang Abele on the closing date on 31 December 2018.

Since the Company and DE Plant, Dongqi Investment Development and Dongfang Abele are ultimately controlled by Dongfang Electric Corporation before and after the mergers and that control is not transitory. Therefore, the mergers of the three companies by the Company should be regarded as the business combination under common control. Dongfang Electric Corporation Limited adjusted the comparative statements according to the accounting standards of enterprises for the business combination under common control.

According to the relevant provisions of ASBE No. 2 – Long-term Equity Investment (Amendment) and ASBE No. 20 – Business Combinations promulgated by the Ministry of Finance of the PRC in 2014 and China Accounting Standards (2010), for the business combination involving entities under common control, the reporting subject formed after the merger have been deemed as being subsisted on an integrated basis since the ultimate controlling party began to exercise control over it, and shall be presented in its consolidated financial statements, i.e. the reporting subject composed of the parent and subsidiary companies formed after the merger. Its assets scale or operating results shall continue to be calculated. When preparing the consolidated financial statements, the consolidated profit statement and the consolidated cash flow statement reflect the profits and losses realized by the reporting subject composed of the parent and subsidiary companies from the beginning of the current period to the date of the merger, regardless of the time at which the merger occurs during the Reporting period. Correspondingly, the retained income items of the consolidated balance sheet should reflect the surplus reserve and retained profits that the parent and subsidiary companies should achieve if they have been running as a whole until the date of combination; in respect of consolidation of shareholding under common control, when preparing the consolidated financial statements in the consolidated period, the initial number of the consolidated balance sheet should be adjusted. Meanwhile, we should adjust the related items of the comparative statements, as if the reporting subject after the combination has existed in the previous period.

2. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(1) Significant changes in accounting policies

(i) On 7 December 2018, the Ministry of Finance promulgated the Accounting Standards for Business Enterprises No. 21 – Leases (hereinafter referred to as the "**New Leases Standards**"), which requires that enterprises listed in both domestic and overseas markets shall apply the new accounting standards related to financial instruments from 1 January 2019. The Company applied the New Leases Standards from 1 January 2019.

Impacts of changes in accounting policies of New Leases Standards on the Company are set out below:

(a) "Dual Model" is revised to "Single Model" for Accounting Treatment for Lessees

Under the New Leases Standards, the lessee shall no longer classifies leases into operating leases or finance leases but adopt a unified accounting treatment model to recognize right-of-use assets and lease liabilities for all leases other than short-term leases and leases of low-value assets and makes separate provisions for depreciation and interest expenses.

According to the current standards, the lessee is required to apply two different accounting treatments. The lessee shall present assets and liabilities in the balance sheet for finance leases, but no need to reflect the same in the balance sheet for operating leases. The New Leases Standards proposes a single model for reflecting all assets and liabilities in the balance sheet. Therefore, almost all leases, other than the exemptions on short-term leases and leases of low-value assets, shall be reflected in the balance sheet, which means that the amount in the balance sheet of the lessee will increase correspondingly with rental commitments under the current operating leases.

In addition, the cost sharing of the lessee under operating leases will be changed from the current straight-line methodology to the "front-loaded" model in line with that under finance leases, that is, the total cost for the first half of the lease term (i.e. asset depreciation plus interest) is higher than the cost of operating leases recognized through the straight-line methodology under the current standards.

(b) Improve the Principle of Distinguishing Leases and Services

Under the New Leases Standards, lease is defined as "a contract under which the lessor transfers the right-of-use of assets to the lessee within a certain period of time in exchange for consideration" and it introduces the concepts of "identified assets" and "right to control the use of assets", providing more detailed guidance on the identification of leases and the distinction between leases and services.

Under the New Leases Standards, the key to determining whether a lease exists is to determine whether there is an identified asset and whether a company has the right to control the use of the identified asset.

(c) Effect on the Financial Statements of the Company

The impact of the adoption of the New Leases Standards on the Company is mainly reflected in part of the production plants and equipment leased by the Company. On the date of adoption of the New Leases Standards, the Company does not reassess whether the contract that exists before the date of initial adoption is a lease contract or include a lease.

For balance sheet items, although there is an increase in both assets and liabilities due to the existence of operating lease contracts, it does not have a material impact on the financial position of the Company.

For income statement items, "interest expenses" provided for the corresponding lease liabilities using the effective interest methodology and "depreciation charges" provided for right-of-use assets were newly introduced under the New Leases Standards, and the expenses of lease contracts of the recognized right-of-use assets and lease liabilities are no longer included in "lease expenses". The total expenses of the same lease contract will be characterized by "a gradual decline from a high level at the beginning (i.e. the total expenses will be high at the beginning of the lease term but will subsequently decrease and gradually decline year-by-year)", but the total expenses for the lease term are equal to those under the current standards. As the scale of assets leased by the Company is relatively small, the impact of the above changes in accounting policies on the Company's operating revenue for the year 2019 and beyond is not material.

(ii) The Ministry of Finance promulgated the Accounting Standards for Business Enterprises No. 7 – Exchange of Non-monetary Assets (Cai Kuai [2019] No. 8, the "New Standards for Exchange of Non-monetary Assets") (《企業會計準則第7號－非貨幣性資產交換》(財會[2019]8號)), and the Accounting Standards for Business Enterprises No. 12 – Debt Restructuring (Cai Kuai [2019] No. 9, the "New Standards for Debt Restructuring") (《企業會計準則第12號－債務重組》(財會[2019]9號)) on 9 May 2019 and 16 May 2019 respectively. In according with the requirements of these documents above, the original accounting policies had been changed accordingly. The Company has implemented the Accounting Standards for Business Enterprises No. 7 – Exchange of Non-monetary Assets and the Accounting Standards for Business Enterprises No. 12 – Debt Restructuring on 10 June 2019 and 17 June 2019 respectively.

The change in accounting policies has not lead to a material impact on the company's recognition and measurement of the non-monetary exchange and the debt restructuring. and it will not have a material impact on the company's current and later financial reports.

3. NOTES AND ACCOUNTS RECEIVABLE

Unit: RMB

Item	Balance at the end of the Period	Balance at the beginning of the Period
Notes receivable	**3,523,209,806.01**	5,109,357,725.63
Accounts receivable	**6,271,270,605.23**	6,555,217,018.91
Total	**9,794,480,411.24**	11,664,574,744.54

(1) Notes receivable by category

Item	Balance at the end of the Period	Balance at the beginning of the Period
Bank acceptances	**2,914,637,075.56**	3,404,979,270.57
Trade acceptances	**608,572,730.45**	1,704,378,455.06
Total	**3,523,209,806.01**	5,109,357,725.63

(2) Notes receivable endorsed or discounted but not yet due as at the balance sheet date

Item	Balance at the end of the Period	Balance at the beginning of the Period
Bank acceptances	**1,283,865,927.33**	1,758,571,931.60
Total	**1,283,865,927.33**	1,758,571,931.60

(3) Accounts receivable

Item	Balance at the end of the Period	Balance at the beginning of the Period
Accounts receivable	**10,992,969,140.63**	11,182,150,912.50
Less: Provision for bad debts	**4,721,698,535.40**	4,626,933,893.59
Total	**6,271,270,605.23**	6,555,217,018.91

(4) Analysis of accounts receivable

Aging	Balance at the end of the Period	Balance at the beginning of the Period
Within 1 year	**3,525,602,100.36**	3,401,976,725.46
1 to 2 years	**1,015,096,265.44**	1,339,701,149.02
2 to 3 years	**991,679,759.25**	997,427,780.57
3 to 4 years	**475,504,906.71**	516,399,547.88
4 to 5 years	**263,387,573.47**	299,711,815.98
Net amount	**6,271,270,605.23**	6,555,217,018.91

Note: The Company conducted the aging analysis for accounts receivable based on the dates of relevant invoices and settlement statements.

4. NOTES AND ACCOUNTS PAYABLE

Unit: RMB

Item	Balance at the end of the Period	Balance at the beginning of the Period
Notes payable	**2,046,294,554.01**	3,552,762,831.53
Accounts payable	**12,376,600,247.50**	11,540,188,158.94
Total	**14,422,894,801.51**	15,092,950,990.47

(1) Notes payable

Item	Balance at the end of the Period	Balance at the beginning of the Period
Bank acceptances	**192,053,603.69**	202,844,885.11
Trade acceptances	**1,854,240,950.32**	3,349,917,946.42
Total	**2,046,294,554.01**	3,552,762,831.53

The notes payable due but outstanding at the end of the Period amounted to RMB0.00.

(2) Accounts payable

Aging	Balance at the end of the Period	Balance at the beginning of the Period
Within 1 year (inclusive)	**9,712,317,379.61**	9,264,318,072.00
1 to 2 years (inclusive)	**994,549,367.31**	955,206,459.17
2 to 3 years (inclusive)	**648,597,624.42**	338,384,404.48
Over 3 years	**1,021,135,876.16**	982,279,223.29
Total	**12,376,600,247.50**	11,540,188,158.94

The Company conducted the aging analysis for accounts payable based on the dates of relevant invoices and settlement statements.

5. RETAINED PROFITS

Unit: RMB

Item	Amount	Proportion of appropriation or distribution
Retained profits at the beginning of the Period	13,324,105,405.23	
Add: Net profits attributable to shareholders of Parent Company for the Period	729,692,676.27	
Others		
Less: Dividends payable on ordinary shares	339,988,377.41	
Retained profits at the end of the Period	**13,713,809,704.09**	

6. TOTAL OPERATING REVENUE AND OPERATING COST

Unit: RMB

Item	Amount for the Period		Amount for the same period of the previous year (Restated)	
	Revenue	**Cost**	Revenue	Cost
Subtotal of principal operations	**15,131,864,131.73**	**11,861,171,565.55**	15,961,613,257.50	13,448,633,331.37
Subtotal of other operations	**178,027,256.12**	**132,737,490.58**	172,432,183.29	78,179,943.22
Interest income/expenses	**531,274,212.32**	**40,719,217.85**	435,851,468.51	36,685,455.96
Fee and commission income/expenses	**–**	**594,693.41**	6,914,733.94	599,613.51
Total	**15,841,165,600.17**	**12,035,222,967.39**	16,576,811,643.24	13,564,098,344.06

7. INCOME TAX EXPENSES

Unit: RMB

Item	Amount for the Period	Amount for the same period of the previous year (Restated)
Income tax expenses for current period	**173,152,950.72**	137,383,404.32
Deferred income tax	**-41,294,675.91**	-59,126,602.57
Total	**131,858,274.81**	78,256,801.75

Except for four 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), Dongfang Electric Machinery Venezuela Co., Ltd. (東方電機委內瑞拉有限責任公司) and Laos Nam Mang Power Company Limited (老撾南芒河電力有限公司), which are subject to corporate income tax as stipulated by their respective local law, Dongfang Electric Chengdu Intelligent Technology Co., Ltd.(東方電氣集團成都智能科技有限公司) is subject to the reduced corporate income rate of 5% applicable to small and low-profit enterprise and certain other subsidiaries which enjoy a preferential tax rate of 15%, the remaining subsidiaries of the Company are subject to corporate income tax at a rate of 25%.

8. EARNINGS PER SHARE

(1) Basic earnings per share

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

Unit: RMB

Item	This Period	Last Period (Restated)
Combined net profit attributable to Parent Company's shareholders of ordinary shares	**729,692,676.27**	534,714,441.13
Combined net profit attributable to Parent Company's shareholders of ordinary shares (after deducting non–recurring profit or loss)	**717,476,185.36**	465,268,804.22
Weighted average number of outstanding ordinary shares of Parent Company	**3,090,803,431.00**	3,090,803,431.00
Basic earnings per share *(RMB per share)*	**0.24**	0.17
Basic earnings per share *(RMB per share)* (after deducting non–recurring profit or loss)	**0.23**	0.15

(2) Process for calculating the weighted average number of ordinary shares:

Item	This Period	Last Period
Number of outstanding ordinary shares at the beginning of the period	**3,090,803,431.00**	3,090,803,431.00
Weighted average number of outstanding ordinary shares	**3,090,803,431.00**	3,090,803,431.00

(3) 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.

9. SEGMENT INFORMATION

Unit: RMB

Reportable segments for the first half of 2019

Item	High-efficient clean energy equipment	Renewable energy equipment	Engineering and trade	Modern manufacturing services business	Emerging growth business	Summary	Write-off	Total
Operating income	14,744,369,809.50	3,135,231,820.71	1,186,441,080.25	2,186,149,761.57	1,880,662,411.24	23,132,854,883.27	7,291,689,283.10	15,841,165,600.17
Including: External transaction income	8,710,411,128.52	2,581,451,833.10	1,314,457,623.64	1,877,141,526.89	1,357,703,488.02	15,841,165,600.17	–	15,841,165,600.17
Inter-segment transaction income	6,033,958,680.98	553,779,987.61	-128,016,543.39	309,008,234.68	522,958,923.22	7,291,689,283.10	7,291,689,283.10	–
Operating cost	12,926,678,413.06	2,771,937,804.43	952,961,354.78	1,558,443,931.70	1,420,391,152.83	19,630,412,656.80	7,595,189,689.41	12,035,222,967.39
Cost written off	6,184,935,179.51	543,816,982.22	-117,427,474.82	620,506,544.67	363,358,457.83	7,595,189,689.41	7,595,189,689.41	–
Expenses for the period	–	–	–	–	–	2,170,891,314.37	-323,745,968.90	2,494,637,283.27
Operating profit (loss)	1,817,691,396.44	363,294,016.28	233,479,725.47	627,705,829.87	460,271,258.41	1,331,550,912.10	435,637,766.12	895,913,145.98
Total assets						155,995,906,230.91	69,632,570,964.96	86,363,335,265.95
Including: Amount of substantial impairment loss on a single asset								
Total liabilities						104,307,857,816.37	49,428,761,531.73	54,879,096,284.64
Supplemental information								
Capital expenditure						–	–	–
Recognized impairment loss of the current period						451,465,825.81	-72,467,104.28	523,932,930.09
Including: Amortization of impairment of goodwill								
Depreciation and amortization expenses						459,164,757.66	–	459,164,757.66
Non-cash expenses other than impairment loss, depreciation and amortization						–	–	–

Unit: RMB

Reportable segments for the first half of 2018 (Restated)

Item	High-efficient clean energy equipment	Renewable energy equipment	Engineering and trade	Modern manufacturing services business	Emerging growth business	Summary	Write-off	Total
Operating income	15,318,116,394.73	3,119,911,448.95	1,888,169,657.35	1,795,308,626.18	1,266,666,802.16	23,388,172,929.37	6,811,361,286.13	16,576,811,643.24
Including: External transaction income	9,996,033,538.09	2,193,903,152.90	1,807,374,306.86	1,371,147,467.09	1,208,353,178.30	16,576,811,643.24	–	16,576,811,643.24
Inter-segment transaction income	5,322,082,856.64	926,008,296.05	80,795,350.49	424,161,159.09	58,313,623.86	6,811,361,286.13	6,811,361,286.13	–
Operating cost	13,761,890,112.44	2,710,454,454.81	1,578,772,976.10	1,192,335,578.20	984,664,539.73	20,228,117,661.28	6,664,019,317.22	13,564,098,344.06
Cost written off	5,284,425,148.58	804,392,084.12	-119,331,062.48	637,942,504.61	56,590,642.39	6,664,019,317.22	6,664,019,317.22	–
Expenses for the period	–	–	–	–	–	1,894,973,889.92	-168,550,914.84	2,063,524,804.76
Operating profit (loss)	1,556,226,282.29	409,456,994.14	309,396,681.25	602,973,047.98	282,002,262.43	1,265,081,378.17	599,710,110.02	665,371,268.15
Total assets						153,402,446,313.96	65,758,597,385.79	87,643,848,928.17
Including: Amount of substantial impairment loss on a single asset						–	–	–
Total liabilities						108,067,697,918.76	49,390,014,500.52	58,677,683,418.24
Supplemental information								
Capital expenditure						–	–	–
Recognized impairment loss of the current period						434,044,092.23	-13,265,297.58	447,309,389.81
Including: Amortization of impairment of goodwill								
Depreciation and amortization expenses						459,744,967.15	–	459,744,967.15
Non-cash expenses other than impairment loss, depreciation and amortization						–	–	–

10. LONG-TERM EQUITY INVESTMENTS

Unit: RMB

Invested companies	Balance at the beginning of the year	Follow-on investment	Decrease in investment	Increase/decrease for the Period Recognized investment loss/gain by equity method	Adjustment to other comprehensive income	Other change in equity	Announcement of distribution of cash dividends or profit	Others	Balance at the end of the Period	Provision for impairment made in the Period	Balance of provision for impairment at the end of the Period
1. Investment in subsidiaries											
Dongfang Electric New Energy Equipment (Hangzhou) Co., Ltd.	409,363,000.00	–	–	–	–	–	–	–	**409,363,000.00**	–	409,363,000.00
Dongfang Electric (Tongliao) Wind Power Engineering Technology Co.,Ltd.	30,000,000.00	–	–	–	–	–	–	–	**30,000,000.00**	–	30,000,000.00
Dongfang Electric (Jiuquan) New Energy Co., Ltd.	30,000,000.00	–	–	–	–	–	–	–	**30,000,000.00**	–	30,000,000.00
Dongfang Electric (Hulun Buir) New Energy Co., Ltd.	30,000,000.00	–	–	–	–	–	–	–	**30,000,000.00**	–	30,000,000.00
Sub-total	499,363,000.00	–	–	–	–	–	–	–	**499,363,000.00**	–	499,363,000.00
											–
2. Joint ventures											
MHPS Dongfang Boiler Co., Ltd	199,851,685.92	–	–	1,499,116.11	–	–	–	–	**201,350,802.03**	–	–
Dongfang Framatome Nuclear Pump Co., Ltd	243,087,142.06	–	–	8,426,278.58	–	–	33,371,968.98	–	**218,141,451.66**	–	–
Sub-total	442,938,827.98	–	–	9,925,394.69	–	–	33,371,968.98	–	**419,492,253.69**	–	–

Invested companies	Balance at the beginning of the year	Follow-on investment	Decrease in investment	Increase/decrease for the Period Recognized investment loss/gain by equity method	Adjustment to other comprehensive income	Other change in equity	Announcement of distribution of cash dividends or profit	Others	Balance at the end of the Period	Provision for impairment made in the Period	Balance of provision for impairment at the end of the Period
3. Associated companies											
Mitsubishi Heavy Industries Dongfang Gas Turbine (Guangzhou) Co., Ltd	505,384,313.30	–	–	19,896,941.50	–	–	–	–	**525,281,254.80**	–	–
Leshan city Dongle Heavy Piece Handling Co., Ltd.	27,460,342.75	–	–	972,622.02	–	–	22,050,000.00	–	**6,382,964.77**	–	–
Liangshan Fengguang New Energy Operation and Maintenance Co., Ltd	2,001,432.70	–	–	20,942.27	–	–	–	–	**2,022,374.97**	–	–
Sichuan Wind Power Industry Investment Co., Ltd	284,075,003.72	–	–	57,843,321.51	–	–	–	–	**341,918,325.23**	–	–
Huadian Longkou Wind Power Co., Ltd	59,434,514.02	–	–	7,300,793.73	–	–	–	–	**66,735,307.75**	–	–
Inner Mongolia Energy Power Hongnijing Wind Power Co., Ltd.	22,310,282.21	–	–	1,191,173.21	–	–	–	–	**23,501,455.42**	–	–
CLP Combined Heavy Gas Turbine Technology Co., Ltd.	113,695,779.36	–	–	109,695.23	–	–	–	–	**113,805,474.59**	–	–
Inner Mongolia Mengneng Sanshengtai Wind Power Co., Ltd.	19,844,590.30	–	–	708,691.53	–	–	–	–	**20,553,281.83**	–	–
Inner Mongolia Mengneng Wulan New Energy Co., Ltd.	39,489,167.50	–	–	3,367,148.85	–	–	–	–	**42,856,316.35**	–	–
Dongfang Electric (Xichang) Hydrogen Energy Co., Ltd.	–	5,000,000.00	–	–	–	–	–	–	**5,000,000.00**	–	–
Sub-total	1,073,695,425.86	5,000,000.00	–	91,411,329.85	–	–	22,050,000.00	–	**1,148,056,755.71**	–	–
Total	2,015,997,253.84	5,000,000.00	–	101,336,724.54	–	–	55,421,968.98	–	**2,066,912,009.40**	–	499,363,000.00

11. NET CURRENT ASSETS

Unit: RMB

Item	Balance at the end of the Period	Balance at the beginning of the Period
Current assets	**66,369,466,613.47**	73,555,695,740.68
Less: current liabilities	**47,365,745,050.94**	52,696,548,302.26
Net current assets	**19,003,721,562.53**	20,859,147,438.42

12. TOTAL ASSETS LESS CURRENT LIABILITIES

Unit: RMB

Item	Balance at the end of the Period	Balance at the beginning of the Period
Total assets	**86,363,335,265.95**	91,323,329,417.78
Less: current liabilities	**47,365,745,050.94**	52,696,548,302.26
Total assets less current liabilities	**38,997,590,215.01**	38,626,781,115.52

13. DIVIDENDS

The Company paid 2018 final dividend of RMB1.10 for every 10 shares (before tax) totaled a dividend of RMB339,988,377.41 to its shareholders on 26 August 2019, with the approval at the 2018 annual general meeting held on 29 June 2019.

The Board does not recommend the payment of interim dividend for the six months ended 30 June of 2019. (Interim dividend for the same period in 2018: Nil).

II. MANAGEMENT DISCUSSION AND ANALYSIS

Industry Information

In the first half of 2019, China's economy maintained its development trend of overall stability and steady progress. The main macroeconomic indicators remained within a reasonable range, but faced new risk challenges. In respects of power demand, the national total electricity consumption was 3,398 billion kWh, representing a year-on-year increase of 5.0%, which dropped by 4.4 percentage points over the same period of last year. The investment in power engineering in the PRC was slightly higher than that in the same period of last year, of which the investment in hydropower and wind power increased by 36.4% and 54.8%, respectively, while the investment in thermal power and nuclear power decreased significantly by 26.0% and 30.2%, respectively.

Overall Business Review

The Company engages in the power equipment industry, offering businesses such as large, advanced sets of equipment for the high-efficiency clean generation of hydropower, thermal power, nuclear power, wind power, gas power and solar thermal, as well as construction contracting and services and power electronics and control, finance, logistics, trade, new energy, industrial and intelligent equipment.

The Company is mainly engaged in development, designing, manufacturing and selling large, advanced sets of equipment for the high-efficiency clean generation of hydropower, thermal power, nuclear power, wind power, gas power and solar thermal. The Group is also engaged in such related business as providing global electricity operators with construction contracting and services. As one of the largest R&D and manufacturing bases of power generation equipment and one of the mega enterprises for power-plant project contracting in globe, the Company has ranked top globally for successive years in terms of production volume of power generation equipment. With its power generation equipment and service business covering nearly 70 countries and regions, the Company is highly competitive and influential in the field of power generation equipment.

As one of the largest R&D and manufacturing bases of power generation equipment and one of the mega enterprises for power-plant project contracting in globe, the Company possesses excellent product technology and innovative capability of products, comprehensive product structure and service ability, first-rate manufacturing capability, good market expansion capability and strong brand influence. During the Reporting Period, there was no material change to the core competitiveness of the Company.

Discussion and Analysis of Operations

During the Reporting Period, the Company put full efforts to advance its high-quality development and made new achievements. In the past six months, the economic operation has progressed steadily and the quality of operations has continued to improve. In 2018, the Company completed the acquisition of assets from Dongfang Electric Corporation by issuance of shares. As a result, the Company's business scope was further expanded to include power electronics and control, finance, logistics, trade, new energy, industrial and intelligent equipment, etc. Dongfang Electric further perfected its industrial system for power generation equipment manufacturing, improved the quality and efficiency of its operations in core industries related to power generation equipment, and further increased the synergy effect among different segments of its business.

Completion of Operation Indicators

During the Reporting Period, under the China Accounting Standards for Business Enterprises, the Company recorded a total operating revenue of RMB15,841 million; net profit attributable to shareholders of the Company of RMB730 million, representing an increase of 36.46% over the same period of the previous year; and earnings per share of RMB0.24. Consolidated gross profit margin was 24.03%, representing an increase of 5.86 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 9,334.2 MW, representing a decrease of 20.76% as compared with the same period of the previous year. The equipment included 10 hydro-electric turbine generator units (2,101.2 MW), up by 462.42% as compared with the same period of the previous year; 43 steam turbine generators (6,885 MW), down by 38.44% as compared with the same period of the previous year; 158 wind turbine generator sets (348 MW), up by 57.11% as compared with the same period of the previous year; 26 power station boilers (7,499 MW), down by 28.38% as compared with the same period of the previous year; and 58 power station steam turbines (9,319 MW), down by 24.99% as compared with the same period of the previous year.

Market Expansion

Fruitful achievements in the wind power business

The wind power business achieved satisfactory results. In the first half of the year, the new bidding order granted amounted to RMB8 billion. Focusing on market demand, the Company made remarkable progress in research and development of new wind power products, the 4MW onshore direct-drive unit prototype was successfully connected to the grid, and has obtained bulk orders. The 7MW offshore wind power unit prototype is expected to be commissioned before the end of the year; the detailed design of 10MW offshore wind power unit prototype was completed; wind turbine blade with the largest domestic power level and the longest length of 90m successfully went off the assembly line. Wind power orders and wind power product research and development have laid a solid foundation for the recovery of the wind power business.

Good progress in the expansion of the modern manufacturing service business

In the past six months, we fully took advantage of the role of customer service managers close to the users, strengthened top-level planning and process coordination, and vigorously implemented the Action Plan for Leading Technology in Power Plant Service Industry(《電站服務產業技術領先行動計劃》). In the first half of the year, the new effective orders for power plant services amounted to RMB2.62 billion, representing a year-on-year increase of 60.6%.

Steady development in international business

Facing the rapid changes in the global economic environment and the difficulties in key projects financing, by proactively seizing important market opportunities along the "Belt and Road", the Company signed key projects such as the Gas Turbine Project and Power Transmission and Transformation Project in Bangladesh, promoted the hydropower project in Papua New Guinea, the Tekeze Hydropower Project in Ethiopia and the EMU project in Sri Lanka to come into effect.

Growth in new orders and orders in hand

In the context of intense market competition, the Company strived to explore the market and realized the growth of new orders and orders in hand in the adverse market environment. As of the end of June 2019, the Company's new orders in the first half of the year amounted to RMB19.261 billion, representing an increase of 13.55% as compared with the same period of last year. The orders in hand amounted to RMB88 billion, recognised growth as compared with the same period of last year.

Rapid growth in emerging growth business

We deeply promoted the implementation of business development objectives of the "refining the main business operations and developing new business operations". In the first half of 2019, emerging growth business obtained effective orders of RMB4.29 billion, representing an increase of 157.8% over the same period last year. In the first half of the year, the environmental protection business obtained effective orders of RMB1.87 billion, which was 7.5 times that of the same period of last year. New effective orders of new energy materials amounted to RMB390 million, representing an increase of 113%. The first automatic production line for hydrogen fuel cells with an annual output of 1,000 sets of capacity in western China was officially put into operation. The development of industrial equipment, energy storage and energy Internet has accelerated during the industrial incubation period and are about to enter a new stage of industrialization. The business expansion capabilities in intelligent equipment customization, digital production line/workshop design and general contracting, remote diagnosis and service of power plant equipment have been enhanced continuously.

Constant breakthroughs in technical innovations

The high-speed dynamic balance of the 50MW gas turbine rotor succeeded at one time trial, and the final assembly and boxing-up cylinder was successfully completed, which is about to enter the whole machine test stage; the first independently-developed million-kilowatt hydropower unit runner in Baihetan in the world was successfully completed, and all key components of the hydroturbine passed the inspection acceptance; the development of the first stay ring and volute casing of Changlongshan super-high water head pumped-storage unit was completed; the thermal power million kW 630ºC ultra-supercritical secondary-heat unit project progressed smoothly, and the manufacturing of the first set of upstage 1,450mm titanium alloy test blades was completed. Four major heat exchanger technology design work of Xiapu fourth generation nuclear power demonstration fast reactor was almost completed; steam generator flow induced vibration test achieved a complete success. New product research and development has achieved new results. The first domestic 24MW6000 r/min pipeline motor passed the model test and obtained the certification by industry accreditation committee, which filled the gap in the domestic industry.

Stable and controllable quality and safety

We achieved the goal of zero major quality accidents and zero major customer complaints. We solidly promoted the construction of quality culture, issued the quality red line, carried out experience feedback, strengthened quality supervision, resolutely eliminate the violations of quality standards; adhered to problem-oriented approach to benchmark and analyze unit reliability and energy efficiency indicators with aims to find out quality gap of products. We carried out the Quality Long March activities to collect quality problems through various channels. In the first half of the year, the Company did not have major and more serious production safety accidents, and no environmental pollution incident occurred.

Further consolidation in the management foundation

The basic management improvement activities of “clarifying responsibilities, shoring up the weaknesses, strengthening foundations, and improving capabilities” were fully rolled out. We further promoted the lean management and sorted out the indicators of management evaluation to establish ten evaluation dimensions such as quality management and human resource management. Risk prevention continued to be strengthened. We identified the major risks of the Company in systematical way in 2019, and formulated control measures to focus on contracts with material risk.

(I) Analysis of Principal Business

1. Analysis of changes in certain items in the financial statements

Unit: RMB

Item	Amount for the Period	Amount for the same period of the previous year (Restated)	Change (%)
Operating revenue	**15,309,891,387.85**	16,134,045,440.79	-5.11
Operating cost	**11,993,909,056.13**	13,526,813,274.59	-11.33
Selling expenses	**461,061,153.42**	452,003,208.19	2.00
Administrative expenses	**1,144,703,122.20**	1,157,879,268.42	-1.14
R&D expenses	**785,932,757.27**	431,544,259.78	82.12
Finance costs	**-30,297,494.36**	-154,763,290.35	–
Net cash flows from operating activities	**-3,249,813,611.86**	747,374,732.15	-534.83
Net cash flows from investing activities	**-1,306,576,124.09**	679,165,934.99	-292.38
Net cash flows from financing activities	**95,418,061.99**	-365,905,284.75	–

1. The operating revenue for the current period decreased by 5.11% from the previous year, mainly due to the year-on-year decrease at different levels in the high-efficiency clean energy equipment and engineering and trading segments.

2. The operating costs for the current period decreased by 11.33% from the previous year, mainly due to the year-on-year decrease in operating income for the current period, and the year-on-year increase in the gross profit margin of each segment other than modern manufacturing services and emerging growth business segments for the current period as a result of the obvious effect of strengthened efforts of the Company on the cost management.

3. The financial expenses for the current period increased significantly from the previous year, which was due to: first, the exchange loss for the current period increased from the previous year due to the fluctuation of RMB exchange rate; second, Dongfang Electric Finance Co., Ltd. of the Company made overall fund management and accounting change to the resulting revenue.

4. R&D expenditure for the current period increased by 82.12% from the previous year, mainly due to the Company's increased investment in research and development during the current period.

5. The net cash flow generated from operating activities for the current period decreased by 534.83% from the previous year, which was due to: first, the receivables for the current period represented the year-on-year decrease; second, the cash outflow from the investment in the financial service by Dongfang Electric Finance Co., Ltd. of the Company for the current period represented the year-on-year increase.

6. Net cash flows from investing activities for the current period decreased by 292.38% from the previous year, mainly due to the year-on-year increase in the investment outflow of the bank's wealth management products of Dongfang Electric Finance Co., Ltd. of the Company during the current period.

7. The year-on-year increase in net cash flow from financing activities for the current period was mainly due to the year-on-year increase in cash received from capital injection during the current period.

2. Cash flows

Unit: RMB

Item	Amount for the Period	Amount for the same period of the previous year (Restated)	Change
Other cash received from operating activities	**538,322,034.34**	1,651,418,797.31	-67.40%
Cash received from disposal of investments	**2,512,923,514.38**	1,541,257,569.04	63.04%
Cash received from return on investments	**305,704,299.91**	58,847,793.56	419.48%
Cash received from financing activities	**150,000,000.00**	–	100%
Net cash received from disposal of fixed assets, intangible assets and long-term assets	**4,716,740.85**	57,722,172.50	-91.83%

(1) Other cash received from operating activities decreased by 67.40% year-on-year, mainly due to the year-on-year decrease in the proceeds received by Dongfang Electric Finance Co., Ltd. of the Company. from disposal of financial assets purchased under resale agreements during the Period.

(2) Cash received from disposal of investments increased by 63.04% year-on-year, mainly due to disposal of investment in equity and debt instruments.

(3) Cash received from return on investments increased by 419.48% year-on-year, mainly due to the increases in dividends from joint ventures and return on investments from Dongfang Electric Finance Co., Ltd. of the Company during the Period.

(4) Cash received from financing activities amounted RMB150 million, which was related to capital contribution from DEC to Sichuan Dongshu New Material Co., Ltd. (四川東樹新材料有限公司) during the Period. Upon the completion of the capital contribution, Sichuan Dongshu New Material Co., Ltd. (四川東樹新材料有限公司) ceases to be an indirect subsidiary of the Company and its assets, liabilities and financial results will no longer be consolidated into the consolidated financial statements of the Company. Please refer to the announcement of the Company on 18 June 2019 for such details.

(5) Net cash received from disposal of fixed assets, intangible assets and other long-term assets decreased by 91.83% year-on-year, mainly due to the decrease in disposal of assets in the Period.

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

1. Total operating revenue by industry and product

Unit: RMB

By product	Revenue	Cost	Gross profit margin	Year-on-year increase/ decrease in revenue	Year-on-year increase/ decrease in cost	Year-on-year increase/ decrease in gross profit margin
			(%)	*(%)*	*(%)*	*(percentage point)*
		Operations by industry				
Power generation equipment manufacturing sector	15,841,165,600.17	12,035,222,967.39	24.03	-4.44	-11.27	5.86

By product	Revenue	Cost	Gross profit margin	Year-on-year increase/ decrease in revenue	Year-on-year increase/ decrease in cost	Year-on-year increase/ decrease in gross profit margin
			(%)	*(%)*	*(%)*	*(percentage point)*
		Operations by product				
High-efficient clean energy equipment	8,710,411,128.52	6,741,743,233.55	22.60	-12.86	-20.47	7.41
Renewable energy equipment	2,581,451,833.10	2,228,120,822.21	13.69	17.66	16.90	0.57
Engineering and trade	1,314,457,623.64	1,070,388,829.60	18.57	-27.27	-36.97	12.52
Modern manufacturing services business	1,877,141,526.89	937,937,387.03	50.03	36.90	69.18	-9.53
Emerging growth business	1,357,703,488.02	1,057,032,695.00	22.15	12.36	13.90	-1.05

(1) The Company sought for restructuring and upgrading proactively during the Period. While focusing on the objectives of the "refining the main business operations and developing new business operations", it optimized the allocation of resources and improved its quality control continuously, realizing varying level of income growth in other main products except for thermal power, nuclear power and engineering, which recorded a decrease in revenue. Total operating revenue decreased year-on-year by 4.44% during the Period.

(2) The operating revenue from high-efficiency clean energy equipment decreased year-on-year by 12.86%, mainly due to a decrease in the scale of sales of thermal power and nuclear power products during the Period. The gross profit margin of high-efficiency clean energy equipment increased year-on-year by 7.41 percentage points, mainly due to the change in project mix during the Period.

(3) The revenue from renewable energy equipment increased year-on-year by 17.66%, mainly due to the year-on-year increase of 58.94% in revenue from hydro power products. The gross profit margin of renewable energy equipment for the Period remained basically flat as compared with the corresponding period of last year.

(4) The operating revenue from engineering and trade decreased year-on-year by 27.27%, mainly due to the year-on-year decrease in revenue from project contracting. The gross profit margin of engineering and trade increased year-on-year by 12.52 percentage points during the Period, mainly due to the increase in the gross profit margin of engineering project.

(5) The operating revenue from modern manufacturing services business increased year-on-year by 36.90%, mainly due to the year-on-year growth in power plant services. The gross profit margin of modern manufacturing services decreased year-on-year by 9.53 percentage points, mainly due to the year-on-year decrease in the gross profit margin of power plant services.

(6) The operating revenue from emerging growth business increased year-on-year by 12.36%, mainly due to the year-on-year growth in revenue from electronic power and intelligent control products and environmental protection products. The gross profit margin of emerging growth business for the Period remained basically flat as compared with the corresponding period of last year.

2. *Total operating revenue by region*

Unit: RMB

Region	Total operating revenue	Year-on-year increase/ decrease in total operating revenue
Mainland China	14,281,922,322.67	-5.00%
Overseas (including Hong Kong, Macau and Taiwan)	1,559,243,277.50	1.08%
Total	15,841,165,600.17	-4.44%

(III) 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 (Restated)	Year-on-year increase/ decrease
Total operating revenue	**15,841,165,600.17**	16,576,811,643.24	-4.44%
Selling expenses	**461,061,153.42**	452,003,208.19	2.00%
Administrative expenses	**1,144,703,122.20**	1,157,879,268.42	-1.14%
R&D expenses	**785,932,757.27**	431,544,259.78	82.12%
Finance costs	**-30,297,494.36**	-154,763,290.35	–
Credit impairment loss (loss indicated by "-")	**-176,131,592.81**	-367,849,064.34	–
Impairment loss of assets (loss indicated by "-")	**-347,801,337.28**	-79,460,325.47	–
Operating profit	**895,913,145.98**	665,371,268.15	34.65%
Total profit	**917,978,259.51**	632,577,189.08	45.12%
Income tax expenses	**131,858,274.81**	78,256,801.75	68.49%
Net profit	**786,119,984.70**	554,320,387.33	41.82%
Net profit attributable to owners of the parent company	**729,692,676.27**	534,714,441.13	36.46%

(1) Affected by the market, the total operating revenue of the Company decreased year-on-year by 4.44% during the Period, which was mainly due to the year-on-year decrease in revenue from high-efficiency clean energy equipment segment and revenue from engineering and trade segment.

(2) The R&D expenses of the Company increased year-on-year by 82.12% during the Period, which was mainly due to the increased investment in the research and development during the Period.

(3) The finance expenses significantly increased year-on-year during the Period, which was due to: first, the year-on-year increase in the exchange loss during the current period resulting from fluctuations in RMB exchange rates; second, Dongfang Electric Finance Co., Ltd. of the Company made overall fund management and accounting change to the resulting revenue.

(4) The credit impairment loss of the Company decreased year-on-year during the Period, which was mainly due to the decrease in the provision for bad debts of accounts receivable.

(5) The impairment losses of assets of the Company increased year-on-year during the Period, which was mainly due to the year-on-year increase in estimated contract losses and impairment losses on product assets.

(6) The operating profit of the Company increased year-on-year by 34.65%, total profit increased year-on-year by 45.12% and net profit increased year-on-year by 41.82% during the Period, which were mainly due to the increase in gross profit margin 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 RMB86,363 million, decreasing by 5.43% as compared with the beginning of the year, among which sharp decreases were recorded in notes receivable and inventories, with decreases of 31.04% and 9.57% respectively. Total liabilities amounted to RMB55,219 million, down by 8.92% as compared with the beginning of the year, mainly attributable to the decrease of 42.40% in notes payable and the decrease of 15.15% in contract liabilities. Total shareholders' equity amounted to RMB31,144 million, up by 1.47% as compared with the beginning of the year, mainly attributable to the increase in the operating profit for the Period.

3. Gearing ratio

Item	Amount at the end of the Period	Amount at the beginning of the Period	Year-on-year increase/decrease *(percentage point)*
Gearing ratio *(%)*	**63.94**	66.39	-2.45

Note: Gearing ratio = total liabilities/total assets × 100%

The gearing ratio of the Company was 63.94% at the end of the Period, representing a decrease of 2.45 percentage points as compared with the beginning of the year. The risk relating to the asset structure of the Company is in a controllable state.

4. Bank borrowings

As at 30 June 2019, the Company had financial institution (bank) borrowings of RMB210 million due within one year and financial institution (bank) borrowings of RMB436 million due beyond one year. The Company's borrowings and cash and cash equivalents are mainly denominated in RMB. In particular, RMB646 million were fixed-rate loans. The Company has maintained a favorable 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

As at 30 June 2019, the Company had pledged borrowings of RMB436 million (the beginning of the year: RMB446 million), which were related to borrowings from financial institutions secured by concession. As at 30 June 2019, net concession value amounted to RMB558 million (the beginning of the year: RMB570 million). As at the end of the Period, this part of borrowings was not due and repayable.

(IV) Material Events

There are no material events that have significant impacts on the Company and its subsidiaries since the end of the Period.

(V) Prospect for the Second Half of 2019

The Company will secure full victories in the "three critical missions" of rejuvenating wind power business, expanding modern manufacturing service business and bolstering international business and proactively develop emerging growth business. The Company plans to produce power generation equipment with a total capacity of 21,000 MW for the whole year of 2019, turn around the decline in operating revenue and achieve steady growth in operating revenue and continued increase in total profit to drive the Company to achieve high-quality development.

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 Reporting Period.

(II) Major Acquisition and Disposal of Subsidiaries and Associates

There were no other major acquisition and disposal of subsidiaries and associates during the six months ended 30 June 2019.

(III) External Guarantee and Performance

Unit: Yuan Currency: 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 counter 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 Mengneng 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 2016	30 April 2025	General pledge	No	No	0	Yes	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 (%)	0.30
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 by the Company on the website of the 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 or matters commonly questioned by the media.

(V) Employees and Remuneration Policy

As at 30 June 2019, the Company had 20,857 employees on active duty on average. During the Reporting Period, the total remuneration of the employees on active duty amounted to RMB1,050.16 million.

During the Reporting Period, with the objective of establishment of the sound remuneration determination mechanism of "one adaptation, two-linked", the Company carried out a series of major innovations to establish a classification-linked indicator system, adjust the total wage determination mechanism, and improve the labor cost determination mechanism and establish a total wage reserve mechanism, a "over-performance" incentive mechanism and a total wage filing mechanism, with aims to form the core concept of "wage is earned through hard work" in an all-round way. Taking the opportunity of deepening the reform of the three systems of the Company, the Company further emphasizes deepening the reform of the internal distribution system of the Company, promoting the Company to comprehensively carry out the evaluation and analysis of the internal remuneration system of all entities, and establishing internal performance-oriented income distribution mechanism based on the value of positions and adapted to market competition. The rational gap in the income distribution shall be formed to effectively address the mismatch of income distribution and enhances the effects of compensation incentives.

(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 of 30 June 2019, 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, Mr. Gu Dake, Mr. Xu Haihe, and Mr. Liu Dengqing. Mr. Xu Haihe, the independent non-executive director, holds the position 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

The results announcement is published 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 2019, 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's website 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 2019

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

Directors: Zou Lei, Yu Peigen, Huang Wei, Xu Peng and Bai Yong

Independent Non-executive Directors: Gu Dake, Xu Haihe and Liu Dengqing