



東方電氣股份有限公司

**Dongfang Electric Corporation Limited**

*(a joint stock limited company established in the People's Republic of China)*

(Stock Code: 1072)

**NOTICE OF THE 2008 SECOND EXTRAORDINARY GENERAL MEETING  
NOTICE OF THE 2008 FIRST A SHAREHOLDERS CLASS MEETING  
NOTICE OF THE 2008 FIRST H SHAREHOLDERS CLASS MEETING**

**NOTICE IS HEREBY GIVEN** that the Board of Directors of Dongfang Electric Corporation Limited (the "Company") resolved that the following meetings will be held on Friday, 16 May 2008, at the Conference Room of China Dongfang Electric Corporation, at No. 333, Shuhan Road, Chengdu City, Sichuan Province, the People's Republic of China (the "PRC"):

- (1) The 2008 second extraordinary general meeting ("EGM") will be held at 10:30 a.m. or immediately after the conclusion of the 2007 Annual General Meeting held at 9:00 a.m. on the same date.
- (2) The first 2008 class meeting for holders of domestic shares ("A Shareholders Class Meeting") will be held at 11:30 a.m. or immediately after the conclusion or adjournment of the EGM.
- (3) The first 2008 class meeting for holders of overseas listed foreign shares ("H Shareholders Class Meeting") will be held at 12:00 noon or immediately after the conclusion or adjournment of the A Shareholders Class Meeting.

The convention of the above meetings is for the purpose of considering and approving the following proposals:

## **I. THE EGM**

- 1. Resolution 1: “THAT the Company having met the requirements for public issue of additional A Shares (“Additional A Shares Issue”) be and is hereby approved as an ordinary resolution”**

(Please see Annex 1 hereof for further information)

- 2. Resolution 2: “THAT the Additional A Shares Issue of the Company, the terms of which are set out below, be and is hereby approved as a special resolution”, and the resolution be considered and approved on an itemised basis:**
  - 1) Category and nominal value of shares to be issued: Renminbi ordinary shares (“A shares”) with a nominal value of RMB1.00 each.
  - 2) Number of shares to be issued and amount of the proceeds: the number of shares to be issued will not be more than 65,000,000 shares and the amount of the proceeds raised will not exceed the the amount required for the implementation of the projects.
  - 3) Issuing method: The pricing of the Additional A Shares Issue will be conducted both online and offline. The original A shareholders can exercise their preferential rights to the shares according to the number of shares held at the register of members after the close of business on the record date. The Board will be authorised by the general meeting to determine the specific issuing method and the proportion of preferential rights with reference to the market conditions;
  - 4) Target subscribers: institutional investors and natural persons who hold A share trading accounts with the Shanghai Stock Exchange (excluding those prohibited by the laws and regulations of the PRC);
  - 5) Issue price and basis of its determination: the issue price is not less than the average price of A Shares for the 20 trading days immediately prior to the date on which the offering document in relation to the Additional A Shares Issue is published or the average price of A Shares for the trading day immediately before such offering document is published. The specific issue price will be determined by the Board after consultation with the lead manager as authorised by the general meeting;

- 6) Use of proceeds: the proceeds raised from the Additional A Shares Issue (the “Proceeds”) will be used for the following investment projects (“Project”):

No.	Name of Project	Estimated investment	
		(RMB 0’000)	(HK\$)
1.	DEC Wind Power Industrialization Project	181,868	2,004 million
	(1) DEC Wind Power (New Energy) Manufacturing Base Project in east China	125,000	1,377.38 million
	(2) DEC Wind Power Manufacturing Base Project in northern China	56,868	626.63 million
2.	DEC Million KW Nuclear Power (Conventional Island) Technological Renovation Project	118,000	1,300.24 million
3.	DEC Core Part Manufacturing Base Project for Large-Scale Clean and High-Efficiency Generating Equipment	96,280	106.91 million

The total estimated investments of the above Projects are RMB3,961.48 million (equivalent to approximately HK\$4,365.16 million). In the event that the net Proceeds to be raised shall be less than the total estimated investments required for the Projects, the shortfall will be funded by other sources of the Company. In the event the amount of funds actually used towards the Projects is less than the amount of Proceeds actually raised, the balance will be used towards the Company’s working capital.

*Notes:*

Before the Proceeds are in place, the Company can finance the Projects with self-financed capital according to the actual schedules of the Project and repay the self-financed capital when the Proceeds are available.

- 7) Distribution plan for accumulative undistributed profit upon completion of the Additional A Shares Issue: upon the completion of the Additional A Shares Issue, both the existing and new shareholders of the Company will be entitled to the accumulative undistributed profit.
- 8) Validity of the resolution: the resolution in respect of the Additional A Shares Issue is valid for 12 months since the date of passing of the resolution at the general meeting of the Company.”

After considered and approved at the EGM and class meetings, the resolution will be implemented upon approval of China Securities Regulatory Commission and compliance with the requirements of the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited (“Stock Exchange”).

**3. Resolution 3: “THAT the Report on the Use of Proceeds from the Previous Issue of A Shares be and is hereby approved as an ordinary resolution”**

(Please see Annex 2 hereof for the summary of the Report on the Use of Proceeds from the Previous Issue of A Shares)

**4. Resolution 4: “THAT the Feasibility Analysis on the Projects to be Financed by the Proceeds be and is hereby approved as a special resolution”**

(Please see Annex 3 hereof for the summary of the Feasibility Analysis on the Projects to be Financed by the Proceeds and the overseas regulatory announcement in respect of the Feasibility Analysis on the Projects to be Financed by the Proceeds of Dongfang Electric Corporation Limited published on the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) on the date hereof)

**5. Resolution 5: “THAT the Board shall be authorised with full authority to determine and deal with all matters concerning the Additional A Shares Issue be and is hereby approved as a special resolution”**

Subsequent to the approval of the Additional A Shares Issue at the EGM, A Shareholders Class Meeting and H Shareholders Class Meeting, the Board will be authorized with full authority to determine and deal with all matters concerning the Additional A Shares Issue, including:

- 1) Authorization to the Board to formulate and execute the specific proposal in relation to the Additional A Shares Issue, and to determine the matters including the issue price, the timing for the Additional A Shares Issue, preferential allocation basis for the existing A Shareholders, the beginning and ending dates of the issue, type of institutional investors for offline subscription, proportion of the number of shares to be issued on the online/offline basis, principle and rules for clawback between shares for online and offline subscription, specific subscription method, preferential subscription ratio of the existing A shareholders and all the other matters relevant to the Additional A Shares Issue;
- 2) Authorization to the Board to amend the Additional A Shares Issue proposal so as to comply with the relevant laws and regulations or requirements of the relevant securities regulatory authorities (other than those matters the approval of which shall be sought from the shareholders in a general meeting pursuant to the relevant laws, regulations and the Articles of Association), to adjust and reduce the number of Projects before the Additional A Shares Issue after taking into account various factors including verification of the Projects by relevant departments, variation of relevant market conditions, and changes to the conditions under which the Projects are to be implemented;
- 3) Authorization to the Board, the Chairman and the person authorized by the Chairman to execute relevant documents of the Additional A Shares Issue and to make all applications, submissions for approval, registration and filing relevant to the Additional A Shares Issue;
- 4) Authorization to the Board, the Chairman and the person authorized by the Chairman to sign, amend, supplement, submit, present and execute all the agreements and application documents relevant to the Additional A Shares Issue, and to complete the relevant formalities for application for approval;

- 5) Authorization to the Board and the Chairman to deal with the matters concerning the application for the Additional A Shares Issue;
- 6) Authorization to the Board, after completion of the Additional A Shares Issue, to handle matters concerning amendments to the Articles of Association, relevant registration of changes with the relevant authorities and other matters concerning the Additional A Shares Issue;
- 7) Authorization to the Board to make adjustment and reduction of the amount of the Proceeds to be applied to one or more of the Projects where the amount of Proceeds actually raised is less than the total expected investments required by the Projects; where the amount of funds actually used towards the Projects is less than the amount of Proceeds actually raised, to use the balance of the Proceeds towards the Company's working capital;
- 8) Authorization to the Board, the Chairman and the person authorized by the Chairman to handle the matters concerning the listing of the new A shares on Shanghai Stock Exchange after completion of the Additional A Shares Issue;
- 9) Authorization to the Board to have full authority to handle other matters concerning the Additional A Shares Issue;
- 10) The above authorizations shall be valid for 12 months commencing from the date of passing of the resolution at the EGM.

## **II. A SHAREHOLDERS CLASS MEETING**

- 1. Resolution 1: "THAT the Additional A Shares Issue of the Company be and is hereby approved as a special resolution"**

The content of the above resolution is the same as that of Resolution 2 of the EGM.

### III. H SHAREHOLDERS CLASS MEETING

1. **Resolution 1: “THAT the Additional A Shares Issue of the Company be and is hereby approved as a special resolution”**

The content of the above resolution is the same as that of Resolution 2 of the EGM.

By Order of the Board  
**Dongfang Electric Corporation Limited**  
**Gong Dan**  
*Company secretary*

Sichuan, People’s Republic of China  
30 March 2008

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

*Executive Directors: Si Zefu, Wen Shugang and Chen Xinyou*

*Non Executive Directors: Zhang Xiaolun, Zhang Jilie and Li Hongdong*

*Independent non-executive Directors: Zheng Peimin, Chen Zhangwu and Xie Songlin*

*Notes:*

#### **I. Participants of Meeting**

1. All holders of the Company’s A shares whose names appear on the register of members of the Company at China Securities Depository & Clearing Corporation Limited, Shanghai office at 3:00 p.m. on Tuesday, 15 April 2008 are entitled to attend the EGM and the A Shareholders Class Meeting and should bring along their identity cards and stock account cards when attending the EGM and the A Shareholders Class Meeting.
2. All holders of the Company’s H shares whose names appear on the register of members of the Company’s H shares at HKSCC Registrars Limited at 4:00 p.m. on Tuesday, 15 April 2008 are entitled to attend the EGM and the H Shareholders Class Meeting and should bring along their identity cards or passports when attending the EGM and H Shareholders Class Meeting.
3. Any Shareholder entitled to attend and vote at the EGM and the class meetings may appoint a proxy or several proxies (who need not be a Shareholder) to attend the EGM and the Class Meetings and vote thereat. For Shareholders who appoint more than one proxy, the voting right can only be exercised when a poll is taken.

4. Directors, supervisors and senior management of the Company.
5. Lawyer of the Company.

## **II. Registration Method**

1. The Company's A Shareholders who intend to attend the EGM and the A Shareholders Class Meeting shall register for attending the EGM from 9:00 a.m. to 12:00 noon and from 2:00 p.m. to 5:00 p.m. from 13 May 2008 to 15 May 2008 at the Office to the Board at the Company's correspondence address: No. 333, Shuhan Road, Chengdu, Sichuan Province, the PRC with their identity cards, stock account cards as well as the proxy form (if applicable) and their proxies' identity cards; foreign Shareholders may deliver copies of the above-mentioned documents by post or by facsimile, to the Office to the Board at the above correspondence address of the Company before Friday, 25 April 2008.
2. Holders of the Company's H shares should note that the register of members of the Company's H shares will be closed from 16 April 2008 to 16 May 2008 (both days inclusive) during which period no transfer of H shares of the Company will be effected. In order to qualify for attendance at the EGM and the H Share Class Meeting, transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrars in respect of the Company's H shares, namely Hong Kong Registrars Limited at Rooms 1712-1716, 17/F, Hopewell Center, 183 Queen's Road East, Hong Kong by 4:00 p.m. on Tuesday, 15 April 2008. The Company's H Shareholders who intend to attend the EGM and the H Shareholders Class Meeting shall deliver copies of their identity cards or passports (with the pages showing the names of the Shareholders), as well as the proxy form (if applicable) and copies of their proxies' identity cards or passports, by post or by facsimile, to the Office to the Board at the Company's correspondence address set out below before Friday, 25 April 2008.
3. Shareholders who intend to appoint proxy to attend the EGM and the class meetings must put it in writing, to be signed by the appointer or his attorney duly authorized in writing. If the Shareholder appointing a proxy is a legal person, the proxy form must be affixed with the common seal of the Shareholder, or signed by its legal representative or attorney duly authorized in writing. If the proxy form is signed by an attorney on behalf of the appointer, the power of attorney or other authority must be notarially certified. To be valid, the notarially certified power of attorney or other authority together with the proxy form must be delivered to the Office to the Board at the Company's correspondence address set out below not less than 24 hours before the time appointed for holding the EGM and the class meetings. Completion and return of the proxy form will not affect the rights of the Shareholders to attend and vote at the EGM and the class meetings in person.

4. Proxies of the Company's A Shareholders shall bring along stock account cards of their appointing Shareholders, the proxy form (if applicable) and the proxies' identity cards to attend the EGM and the A Shareholders Class Meeting. Proxies of the Company's H Shareholders shall bring along the proxy form (if applicable) and the proxies' identity cards or passports to attend the EGM and the H Shareholders Class Meeting. The proxy form for the EGM and the class meetings of Dongfang Electric Corporation Limited is attached to this notice.
5. Shareholders intending to attend the EGM should return the reply slip, either the attached or its copy to the correspondence address of the Company before 25, April 2008 (Friday) personally, by mail or facsimile. Failure to return the reply slip will not affect shareholders' rights to attend the EGM and the class meetings in person.

### **III. Voting of Resolution**

The EGM and the A Shareholders Class Meeting will be conducted through a combination of on-site voting and online voting at which the A Shareholders may either participate in the on-site voting or online voting via the Internet.

The H Shareholders Class Meeting will be conducted through on-site voting at which the H Shareholders have to vote on site.

#### **(1) Voting Notes**

1. Shareholders may only exercise their voting rights by way of on-site voting, online voting or other method. In case of duplicate voting, the first vote of the shareholder shall prevail.
2. The same resolution shall not be voted and reported for more than once during the voting of the relevant resolutions with the trading system. In case of duplicate report, the first report shall prevail. Those reports failing to fulfill the aforementioned requirements will be void and excluded from the counting of votes.
3. All votings for Resolution 2 at the EGM and other separate votes by the A Shareholders with the trading system will be considered as the same voting for the corresponding resolutions at the A Shareholders Class Meeting.

#### **IV. Others**

1. Contact method:

Address: No. 333 Shuhan Road, Chengdu, Sichuan Province, the PRC

Contact persons: Gong Dan and Huang Yong

Telephone: 86-028-87583666

Facsimile: 86-028-87583551

Postal code: 610036

2. The above meetings are expected to last for less than one day. Participants attending the meeting shall be responsible for their own accommodation, travelling and other related expenses.

Annex 1: Conditions for the Additional A Shares Issue

Annex 2: Summary of Report on the Use of the Proceeds from the Previous Issue of A Shares

Annex 3: Summary of the Feasibility Analysis for Projects to be Financed by the Proceeds

Annex 4: Opinions of the Company's Directors ("Directors") on the Additional A Shares Issue and Use of the Proceeds

## APPENDIX

### Annex 1: Conditions for the Additional A Shares Issue

Pursuant to the Securities Law, Measures for Administration of Securities Issuance of Listed Companies (《上市公司證券發行管理辦法》) promulgated by China Securities Regulatory Commission (“CSRC”) and other relevant laws and regulations, the Company has met the conditions for the Additional A Shares Issue, a summary of which is set out below:

- 1) The Company has a well-established and sound organization structure which is properly operated and is in compliance with its Articles of Association;
- 2) The Company has a continuous record of profitability (calculated on basis of the lower of net profit after extraordinary gain / losses items and net profit before extraordinary gain / losses items) for the latest three consecutive financial years. It has relatively stable sources of businesses and revenue. There is no guarantees, litigation, arbitration or other significant events which may materially affect the operation of the Company as a going concern;
- 3) The Company is in sound financial position with standard accounting fundamentals and is in strict compliance with the State’s accounting principles;
- 4) During the latest 36 months, there has been no misrepresentation in financial and accounting documents of the Company, and the Company was not in breach of securities laws, administrative regulations and rules and has not been subject to any administrative punishment by the CSRC or criminal punishment;
- 5) The weighed average return on net assets of the Company (calculated on basis of the lower of net profit after extraordinary gain / losses items and net profit before gain / losses extraordinary items) during the latest three financial years was not lower than 6% on average.

## **Annex 2: Summary of Report on the Use of the Proceeds from the Previous Issue of A Shares**

In 2007, the Company acquired 100% equity interests in Dongfang Turbine Company Limited (“Dongfang Turbine”) and 68.05% equity interest in Dongfang Boiler (Group) Company Limited (“Dongfang Boiler”) held by China Dongfang Electric Corporation (“DEC”), at a consideration of RMB12,180,000,000 (equivalent to approximately HK\$13,421,142,000). The Company satisfied part of the said consideration by way of non-public issue of 367,000,000 A Shares to DEC representing a total proceed of RMB8,870,000,000 (equivalent to approximately HK\$9,773,853,000), details of which are as follows:

### **Statement of Use of the Proceeds from the Previous Issue of A Shares**

*Unit: RMB0'000*

Total amount of proceeds raised:	887,000	Total amount of proceeds utilized:	887,000
		Total amount of proceeds utilized in respective years:	
Total amount of proceeds with changed use:	0	2007:	887,000
Percentage of the amount of proceeds with changed use:	0.00%		

No.	Investments	Actual	Total investment out of proceeds raised			Total investment out of proceeds raised at closing date			Difference between actual investment amount and investment amount	Date on which the project reaches the working condition for its intended use (or completion progress as at closing date)
			Investment amount undertaken before share issue	Investment amount undertaken after share issue	Actual investment amount	Investment amount undertaken before share issue	Investment amount undertaken after share issue	Actual investment amount		
	Acquisition of 68.05% shares in Dongfang Boiler and 100% equity interest in Dongfang Turbine	Acquisition of 68.05% shares in Dongfang Boiler and 100% equity interest in Dongfang Turbine	887,000	887,000	887,000	887,000	887,000	887,000	—	

**Comparison between Use of Proceeds from Previous Issue of A Shares and Information disclosed in Annual Report of the Company (as at 31 December 2007)**

*Unit: RMB0'000*

<b>Name of project</b>	<b>Actual use of proceeds raised 2007</b>	<b>Disclosure in annual report 2007</b>
Acquisition of 68.05% shares in Dongfang Boiler and 100% equity interest in Dongfang Turbine	887,000	887,000

**Unused Proceeds**

As at 31 December 2007, the proceeds from issue of 367,000,000 A shares to DEC by the Company has been used up.

*Note:* In this Notice, RMB amounts are translated into Hong Kong dollars for reference purpose only at a rate of RMB1 = HK\$1.1019.

### **Annex 3: Summary of the Feasibility Analysis for Projects to be Financed by the Proceeds**

The net Proceeds are intended to be applied for the following purposes:

(1) DEC Wind Power Industrialization Project for development of renewable energy such as wind power and tidal power, including:

(a) DEC Wind Power (New Energy) Manufacturing Base Project in eastern China:

The project, situated in Hangzhou, Zhejiang province, is intended to cover the wind power market in southern and southeastern China as well as the coastal region. It will be part of the DEC Wind Power (New Energy) Manufacturing Base in east China, focusing on direct-drive wind power and tidal power generation equipment. The intended investment is approximately RMB1,250 million (equivalent to approximately HK\$1,377.38 million);

(b) DEC Wind Power Manufacturing Base Project in northern China:

The project, situated in Tianjin, is intended to cover the wind power market in northern China, Inner Mongolia, Gansu and Xinjiang. It will engage in manufacture and assembly of double-fed wind power generating units with individual capacity of over 2MW. The intended investment is approximately RMB568.68 million (equivalent to approximately HK\$626.63 million).

(2) DEC Million KW Nuclear Power (Conventional Island) Technological Renovation Project:

The project, situated in Deyang, Sichuan province, will engage in the development of nuclear and thermal power products so as to cater for the demand of nuclear power plants for major nuclear power equipment and to seize the development opportunities for the nuclear equipment manufacturing industry in China. The intended investment is approximately RMB1,180 million (equivalent to approximately HK\$1,300.24 million).

(3) DEC Core Part Manufacturing Base Project for Large-Scale Clean and High-Efficiency Generating Equipment:

The project, situated in Deyang, Sichuan province, will engage in the development of power generating units of large capacity, high performance, high efficiency and low consumption, low pollution and high automation, to satisfy the growing demand from domestic power market for the period between 2010 and 2020. The intended investment is approximately RMB962.80 million (equivalent to approximately HK\$1,060.91 million).

The Company has conducted detailed feasibility analysis on each of the Projects to be financed by the Proceeds, including the following factors (if applicable):

- (1) The PRC's mid- to long-term development planning and policy for the power industry;
- (2) market demand for the products to be produced under the Projects or demand of the Projects;
- (3) detailed plans of construction and investment;
- (4) location, scale of production and major products of the Projects;
- (5) environmental protection and impact; and
- (6) estimated financial return and benefits.

#### **Annex 4: Opinions of the Company’s Directors (“Directors”) on the Additional A Shares Issue and Use of the Proceeds**

The Directors (including the independent non-executive directors) believe that the Additional A Shares Issue will provide the Company with funds required for the Projects which are in line with relevant PRC policies regarding generating power with renewable energy and the Company’s development strategy. The said investments in key new energy and renewable energy-related infrastructural projects can help enhance the Company’s position and its market competitiveness in the power generating equipment sector, allow continuous and steady growth of the Company as well as improve the Company’s comprehensive and core competitive edges and sustainable development capability. The Directors (including the independent non-executive directors) consider that the utilisation of the Proceeds in the Projects is in the interests of the Company and its shareholders as a whole.

The Directors (including the independent non-executive directors) further consider that the Additional A Shares Issue will improve the Company’s overall efficiency. Accordingly, the Directors (including the independent non-executive directors) consider the Additional A Shares Issue to be in the interests of the Company and the shareholders as a whole.

The Directors (including the independent non-executive directors) further consider that the Additional A Shares Issue to be fair and reasonable.