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**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)

**INSIDE INFORMATION ANNOUNCEMENT  
IN RELATION TO MATERIAL MATTERS**

This announcement is made by Dongfang Electric Corporation Limited (the “**Company**”) pursuant to Rule 13.09 and Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to announcements of the Company dated 15 December 2016, 22 December 2016, 29 December 2016, 6 January 2017, 13 January 2017, 20 January 2017, 3 February 2017, 8 February 2017, and 15 February 2017 regarding the Company’s possible issue of A shares to Dongfang Electric Corporation (“**DEC**”, the controlling shareholder of the Company) for the possible acquisition of certain underlying assets (the “**Possible Transactions**”). Unless the context otherwise requires, the terms used herein have the same meanings as those defined in the above-mentioned announcements.

As at the date of this announcement, DEC and parties acting in concert with it hold 41.72% voting rights of the Company. Pursuant to the preliminarily arrangement of the Possible Transactions, the Company will propose to acquire certain underlying assets held by DEC, which will be settled by issuance of A shares by the Company. If the Possible Transactions proceeded and eventually consummated, it may result in an increase of more than 2% of additional voting rights in the Company held by DEC and

parties acting in concert with it with reference to the lowest percentage holding in the 12 month period ending on the date of the completion of the Possible Transactions. DEC and parties acting in concert with it would thus be obliged to make a mandatory general offer pursuant to Rule 26 of The Code on Takeovers and Mergers (the “**Takeovers Code**”) for all the issued shares of the Company (other than those already owned or agreed to be acquired by them), unless the obligation is waived by the executive of the Corporate Finance Division of the Securities and Futures Commission (the “**Executive**”) under Note 1 on dispensations from Rule 26 of the Takeovers Code (the “**Whitewash Waiver**”).

As at the date of this announcement, relevant intermediaries appointed by the Company are still conducting due diligence, auditing, appraisal and relevant works over the underlying assets held by DEC, and the Possible Transactions may not proceed should the results of due diligence, auditing, and appraisal on the underlying assets fail to meet the expectation of the Company. As at the date of this announcement, the Company and DEC are still in the process of negotiation, and no memorandum of understanding or agreement has been entered into in relation to the Possible Transactions.

The Board hereby announces that, on 21 February 2017, the Company has received a written notice from DEC indicating that it would make an application for Whitewash Waiver to the Executive, and would not proceed with the Possible Transactions if the Whitewash Waiver were not granted by the Executive. Further announcements will be issued by the Company as and when appropriate.

**The major terms of the Possible Transactions have not yet been finalised, hence the Possible Transactions involves uncertainties and may not proceed. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.**

By order of the Board  
**Dongfang Electric Corporation Limited**  
**Gong Dan**  
*Company Secretary*

Chengdu, Sichuan, the People’s Republic of China  
21 February 2017

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

*Directors: Zou Lei, Zhang Xiaolun, Huang Wei,  
Zhu Yuanchao and Zhang Jilie*

*Independent Non-executive Directors: Chen Zhangwu, Gu Dake and Xu Haihe*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statements in this announcement misleading.*