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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)

## **ANNOUNCEMENT IN RELATION TO THE AUDIT RESULTS ISSUED BY THE NATIONAL AUDIT OFFICE**

In 2017, the National Audit Office of the People's Republic of China (the "**National Audit Office**") conducted an audit on the financial revenues and expenditures for the year 2016 of Dongfang Electric Corporation ("**DEC**"), the controlling shareholder of Dongfang Electric Corporation Limited ("**Dongfang Electric**" or the "**Company**") (the "**Audit**").

According to the audit results by the National Audit Office, DEC has been devoted to developing the power generation equipment industry and intensifying technological optimization and product upgrade so as to improve the competitiveness of its main businesses; constructed a group-wide and multi-layered innovation systems emphasizing the driving force of innovation to accelerate the fostering of new industries; and promoted trial work concerning the board of directors with an aim to improve the systems and responsibilities and powers of the board of directors and optimize the corporate governance structure. The audit results also revealed certain issues of DEC in respect of financial management and accounting, operation and management, implementation of the guidelines for the eight rules of the central government and incorruptible business operation, etc.

Highly valuing the issues related to it in the Audit, Dongfang Electric organized and convened the special session for promoting the rectification of issues pointed out by the National Audit Office. Major leaders of the Company made arrangements on the audit rectification in person and specified responsible department and person in charge. They also formulated rectification plans, determined specific rectification measures and fulfilled the responsibilities at every level. The rectification tasks were carried forward in accordance with the principle of “three disapprovals” to strive for the goal of “rectification with full coverage and zero tolerance for issues”.

Viewing the Audit rectification as an important opportunity for improving corporate management, Dongfang Electric applied the experience gained therefrom to the reinforcement of system construction as well as the establishment, revision and optimization of relevant rules and regulations so as to form a long-term mechanism, improve corporate management standards and risk control capability on a continuing basis and facilitate the sustainable and healthy development of enterprises.

Relevant issues identified in the Audit do not have any material impact on the overall operation results and financial position of the Company. For particulars of the Audit, please refer to the audit results announcement published by the National Audit Office.

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

Chengdu, Sichuan, the PRC  
21 June 2018

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

*Directors:* *Zou Lei, Zhang Xiaolun, Huang Wei, Xu Peng and Zhang Jilie*

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