

Notice of 2002 Annual General Meeting

NOTICE IS HEREBY GIVEN that the 2002 Annual General Meeting of Dongfang Electrical Machinery Company Limited (the "Company") will be held at 9:00am on Monday, 19th May, 2003 at the Company's Conference Room, 188 Huanghe West Road, Deyang, Sichuan Province, the People's Republic of China (the "PRC") for the following purposes:

1. to consider and approve the 2002 Report of the Board of Directors;
2. to consider and approve the 2002 Report of the Supervisory Committee;
3. to consider and approve the 2002 Audited Financial Statements;
4. to consider and approve the 2003 work plan;
5. to consider and approve the 2002 profit after taxation distribution plan;
6. to consider and approve the appointment of accountant for 2003. The Company is in the process of recruiting an accountant for the year 2003. Announcement will be made at least 21 days before the holding of the Annual General Meeting;
7. to elect new independent directors of the fourth Board of Directors. The Board of Directors nominates Mr. Xie Songlin (謝松林先生) and Mr. Zheng Peimin (鄭培敏先生) as candidates for independent directors of the Company. Biographies of them are as follows:

Mr. Xie Songlin, born in 1942, is currently a member of the tenth National Political Consultative Conference and a Consultant of the State Internet Company. He holds the title of Senior Accountant. Mr. Xie graduated from the Shanxi Industrial University (currently known as Xian Transportation University), where he specialized in dynamic power generation. He was Head of Hunan Yi Yang Electric Business Bureau, Deputy Head of Hunan Province Electric Power Bureau, Deputy Head of Central China Electric Power Management Bureau, Deputy Head of the Audit Bureau under Ministry of Resources, Director-General of Ministry of Electric Power, officer of the General Office, officer of Finance and Economic Department of the State Electric Power Company, the Chief Economist, the Chief Accountant, Member to the Party Committee and the Deputy General Manager. He is also currently the Chairman of China Electric Power and Financial Company Limited, Secretary to the Party Committee and Senior Consultant of the Chinese Accountant Society.

Mr. Zheng Peimin, born in 1972, obtained a MBA degree. He is currently the Chairman of Shanghai Rong Zheng Investment Consultant Company Limited and also an Independent Director of Liaoning Textile Import-Export Company Limited. Mr. Zheng graduated from Economics and Management Faculty of Tsinghua University with major in Management Information System ("MIS"), and obtained a MBA degree in Economics and Management Faculty of Tsinghua University. He had been the Manager of the Chinese Insurance and Trust Investment Company.

Notes:

1. All shareholders whose names appear on the Register of Members of the Company at the close of business on 18th April, 2003 are entitled to attend the AGM for the year 2002 of the Company. The Register of Members of the Company's H Shares will be closed from 19th April, 2003 to 19th May, 2003 (both days inclusive) during which period no transfer of H Shares will be effected. All share transfer forms 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 Room 1712-1716, 17/F Hopewell Center, 183 Queen's Road East, Hong Kong by 4:00 p.m. on Friday, 18th April, 2003. Holders of the Company's H Shares whose names appear on the Register of Members of the Company on 18th April, 2003, or their proxies, are entitled to attend the AGM and should bring along their identity cards or passports when attending the AGM. If a shareholder attends the AGM by his proxy/proxies, the proxy/proxies should bring along the instrument appointing him as the proxy.
2. Any shareholders entitled to attend and vote at the AGM may appoint a proxy or several proxies (who need not be a shareholder) to attend the AGM and vote thereat.
3. For shareholders who appoint more than one proxy, the voting right can only be exercised when a poll is taken.
4. The instrument appointing a proxy must be in writing under the hand of the shareholder or his attorney duly authorized in writing. If the form of proxy is signed by the attorney on behalf of the shareholder, the power of attorney or other authority must be notorially certified. The notorially certified power of attorney or other authority together with the instrument appointing the proxy must be delivered to the registered address of the Company 24 hours prior to the time appointed for the holding of AGM.
5. Shareholders who intend to attend the AGM should send a written reply indicating the intention to attend the AGM to the Company's registered address before 28th April, 2003. The dispatch of the reply may be by hand, by mail or by fax. It is hereby requested that the reply be made on the reply slip set out below or its photocopy. The above-mentioned written reply does not affect the right of shareholders to attend the AGM.
6. The AGM is expected to last for half day. Shareholders and proxies attending the AGM should be responsible for their own travelling and accommodation expenses.

Registered address of the Company:
188 Huanghe West Road, Deyang, Sichuan Province, the PRC
Tel: 86-838-2409358
Fax: 86-838-2402125
Postal code: 618000

By Order of the Board

Gong Dan

Secretary to the Board of Directors

Deyang, Sichuan Province, the PRC
1st April, 2003