

3. CHANGES IN SHARE CAPITAL AND PARTICULARS OF SHAREHOLDERS

1. CHANGES OF SHARE CAPITAL

Unit: share

	Before the change		Increase(+) / decrease(-)					After the change	
	Number	Percentage (%)	Issue of new shares	Bonus share	Conversion of surplus reserve into shares	Others	Sub-total	Number	Percentage (%)
I. Shares subject to trading moratorium									
1. State-owned shares									
2. State-owned legal person shares	220,000,000	48.89				(16,200,000)	(16,200,000)	203,800,000	45.29
3. Other domestic shares									
4. Foreign invested shares									
Total shares subject to trading moratorium	220,000,000	48.89						203,800,000	45.29
II. Shares not subject to trading moratorium									
1. RMB ordinary shares									
2. Domestic listed foreign invested shares	60,000,000	13.33				16,200,000	16,200,000	76,200,000	16.93
3. Oversea listed foreign invested shares	170,000,000	37.78						170,000,000	37.78
4. Others									
Total circulating shares not subject to selling restrictions	230,000,000	51.11						246,200,000	54.71
III. Total shares	450,000,000	100						450,000,000	100

Approval for changes of share capital

The Company, on 6 April 2006, convened a Shareholders' Meeting in relation to A Shares Segregation Reform, where the "Share Segregation Reform Proposal of Dongfang Electrical Machinery Company Limited" was approved.

(II) Particulars of Shareholders

1. Number of shareholders and their shareholdings

Unit: share

Total number of shareholders at the end of the reporting period 18,196

Top ten shareholders of the Company and their respective shareholdings

Name of shareholder	Type of shareholder	Percentage (%)	Total number of shares held	Increase / decrease in the reporting period	Number of non-circulating shares held	Number of shares pledged or frozen
Dongfang Electric Corporation	State-owned shareholder	45.29	203,800,000	(16,200,000)	203,800,000	
HKSCC Nominees Limited	Foreign investment shareholders	37.53	168,893,899	(45,900)	0	Unknown
Guosen Securities Limited	Others	0.75	3,361,037		0	Unknown
Bank of China — Hai Fu Tong Income Securities Investment Fund	Others	0.67	2,997,613	3,970	0	Unknown
Bank of Communications — edged securities investment funds	Others	0.50	2,384,089		0	Unknown
China Construction Bank -Morgan double-vote on the balanced hybrid securities investment funds	Others	0.49	2,242,867		0	Unknown
Bank of Communications — Hai Fu Tong Selection Securities Investment Fund	Others	0.44	2,000,000		0	Unknown
Industrial and Commercial Bank of China - Anrui Securities Investment Fund	Others	0.28	1,240,026	(141,554)	0	Unknown
Xinhua Life Insurance Company, Ltd.— Dividend — Group Dividend — 018L — FH001 Shanghai Great Wall-Bank of China-King Shun Asset Management Limited — King Shun China Series Fund	Others	0.27	1,223,099		0	Unknown
	Others	0.27	1,199,820		0	Unknown

Top ten holders of circulating shares of the Company and their respective shareholdings

Name of shareholder	No. of circulating shares held	Class of shares
HKSCC Nominees Limited	168,893,899	Overseas listed foreign investment shares
Guosen Securities Limited	3,361,037	RMB ordinary shares
Bank of China - Hai Fu Tong Income Securities Investment Fund	2,997,613	RMB ordinary shares
Bank of Communications- Puwei Securities Investment Fund	2,384,089	RMB ordinary shares
China Construction Bank-Morgan double-vote on the balanced hybrid securities investment funds	2,242,867	RMB ordinary shares
Bank of Communications-Hai Fu Tong Selection Securities Investment Fund	2,000,000	RMB ordinary shares
Industrial and Commercial Bank of China — Anrui Securities Investment Fund	1,240,026	RMB ordinary shares
Xinhua Life Insurance Company, Ltd — Dividend — Group Dividend — 018L — FH001 Shanghai	1,223,099	RMB ordinary shares
Great Wall-Bank of China-King Shun Asset Management Limited-King Shun China series Fund shareholdings	1,199,820	RMB ordinary shares
Shanxi Securities Limited	1,160,000	RMB ordinary shares

Statement on connected party relationship
or act in concert among the
above shareholders:

The Company is not aware of any connection
or any act in concert among the above
shareholders.

Top ten holders of non-circulating shares of the Company and their respective shareholdings

Unit: share

Name of holders of non-circulating shares	Number of non-circulating shares held
Dongfang Electric Corporation	203,800,000

For listing and trading conditions for shares subject to trading moratorium and their trading moratorium, please refer to (VII) Performance of Undertakings under section VI. headed Significant Events.

- (1) Dongfang Electric Corporation is the authorized holder of 203,800,000 domestic legal person shares (State-owned legal person shares). None of the shares held by it was pledged, frozen or entrusted during the reporting period.

- (2) Shares held by HKSCC Nominees Limited are shares held on behalf of its customers. The Company has not received any information as to any holder of H shares holding more than 10% of the total issued share capital of the Company. Particulars of shareholders holding over 5% of the total H share capital were as follows:

Name	Type of shareholders	No. of shares held (share)	Percentage of total issued shares (%)	Percentage of total issued H shares (%)
JPMorgan Chase & Co.	H share	28,828,000	6.4	16.96
		12,092,000	2.7	7.11
		(shares available for lending)		(shares available for lending)
INVESCO Hong Kong Limited (previously known as INVESCO Asia Limited) in its capacity as manager / adviser of various accounts	H share	11,591,000	2.6	6.81
Government of Singapore Investment Corporation Pte Ltd	H share	8,567,968	1.9	5.04

- (3) Save as disclosed above, the directors have not been informed of any person (not being a director or principal executive officers of the Company) who holds interest or short positions in the shares or underlying shares of the Company, which were required to be notified to the Company under the provisions of Divisions 2 and 3 of Part XV of the Hong Kong Securities and Futures Ordinance ("SFO"), or to be recorded in the register required to be kept pursuant to Section 336 of the SFO.
- (4) Neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's shares during the reporting period.
- (5) There is no provision for pre-emptive rights under the relevant PRC laws and the Company's Articles of Association.
- (6) As at 30 June 2006, the Company had not issued any convertible securities, options, warrants or any other similar rights.

2. Change of controlling shareholder and of actual controlling person

Name of new controlling shareholder : Dongfang Electric Corporation

Date of change of controlling shareholder : 17 February 2006

Newspapers for disclosure of change of the controlling shareholder: "China Securities Journal", "Shanghai Securities News", "Wen Wei Po" and "The Standard" (in English) in Hong Kong

Dongfang Electrical Machinery Works, the former controlling shareholder of the Company, entered into 《國有法人股劃轉協議》(Transfer Agreement regarding State-owned Legal Person Shares) with Dongfang Electric Corporation on 10 November 2005, pursuant to which Dongfang Electrical Machinery Works transferred all its 220,000,000 State-owned legal person shares of the Company (representing 48.89% of the Company's total share capital) to Dongfang Electric Corporation at nil consideration. Upon completion of this equity transfer, Dongfang Electric Corporation would hold 220,000,000 State-owned legal person shares of the Company and become the largest shareholder of the Company while Dongfang Electrical Machinery Works would no longer hold any shares of the Company. The abovementioned shares remained to be State-owned legal person shares. Dongfang Electric Corporation has been granted waivers regarding mandatory offer for A shares and H shares of the Company from China Securities Regulatory Commission and Securities and Futures Commission of Hong Kong respectively. According to a document entitled 《關於東方電機股份有限公司國有股劃轉有關問題的批復》(Reply to Transfer of State-owned shares in Dongfang Electrical Machinery Company Limited) issued by 國務院國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of the State Council), Dongfang Electrical Machinery Works was approved to transfer all its 220,000,000 state-owned shares (representing 48.89% of the Company's total share capital) to Dongfang Electric Corporation at nil consideration. China Securities Depository and Clearing Corporation Limited, Shanghai Branch also issued confirmation that the 220,000,000 state-owned shares of the Company were transferred to the security account of Dongfang Electric Corporation on 17 February 2006.