

Changes in Share Capital and Particulars of Shareholders

(I) CHANGES IN SHARE CAPITAL

1. STRUCTURE OF SHARE CAPITAL

Unit: Share

Number	Before the change		Increase (+)/decrease (-)			After the change	
	Percentage (%)	Issue of new shares	Bonus new share	Conversion of surplus share into shares	Others	Sub-total	Percentage (%)
I. Restricted shares							
1. State-owned shares							
2. Shares owned by state legal person	203,800,000	45.29				203,800,000	45.29
3. Other domestically owned shares:							
Shares owned by domestic Legal Person							
Shares owned by domestic natural person							
4. Shares owned by foreigner investors:							
Shares owned by Overseas Legal Person							
Shares owned by Overseas natural person	203,800,000	45.29				203,800,000	45.29
Total of restricted shares							
II. Unrestricted circulating shares							
1. RMB ordinary shares	76,200,000	16.93				76,200,000	16.93
2. Domestic listed foreign investment shares							
3. Overseas listed foreign investment shares	170,000,000	37.78				170,000,000	37.78
4. Others							
Total of unrestricted circulating shares	246,200,000	54.71				246,200,000	54.71
III. Total number of shares	450,000,000	100				450,000,000	100

2. ISSUE AND LISTING OF SHARES

(1) Issue of shares during last three years

For the past three years, the Company had no new issue, placement or listing of shares.

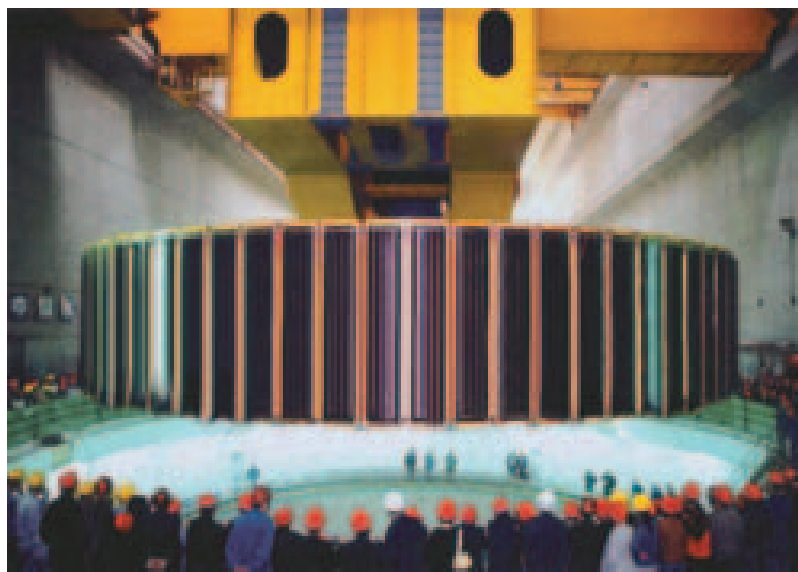
(2) Total number of shares and changes in share capital structure

During the general meeting held on 6 April 2006, the share segregation reform proposal was considered and approved by a combination of voting in person and internet voting, Circulating shareholders shall be paid 2.7 shares for every 10 shares by non-circulating shareholders so as to convert all non-circulating shares into A shares. As such, non-circulating shareholders have paid a total of 16.2 million shares to circulating shareholders. The share segregation reform has been implemented. The shareholding of China Dongfang Electric Corporation ("DEC"), the largest shareholder of the Company has decreased from 48.89% to 45.29%, while the total share capital of the Company remains 450,000,000 shares.

(3) Existing employee shares

The Company had no employee shares at the end of the reporting period.

Changes in Share Capital and Particulars of Shareholders *(continued)*



(II) SHAREHOLDERS

1. Number of shareholders and shareholding

Unit: Share

Total number of shareholders at the end of the reporting period 12,560
The 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 year	Number of non-circulating shares held	Number of shares pledged or frozen
China Dongfang Electric Corporation	State-owned shareholder	45.29	203,800,000		203,800,000	Nil
HKSCC Nominees Limited	Overseas investment shareholder	37.54	168,917,399			Unknown
Bank of Communications - Fuguo Tianyi Value Securities Investment Fund	Others	1.04	4,680,036			Unknown
Industrial and Commercial Bank - Guangfa Strategic Aborative-select Composite Securities Investment Fund	Others	0.69	3,087,270			Unknown
Bank of Communications - Hai Fu Tong Selection Securities Investment Fund	Others	0.67	3,006,637			Unknown
Bank of China - Hai Fu Tong Income Securities Investment Fund	Others	0.67	3,000,000			Unknown
Industrial and Commercial Bank of China - Guangfa Jufu Open-ended Securities Investment Fund	Others	0.61	2,742,115			Unknown
Bank of Communications - Edged Securities Investment Fund	Others	0.61	2,730,065			Unknown
China Construction Bank - Huan Hongli Share-type Securities Investment Fund	Others	0.56	2,499,978			Unknown
Bank of Communications - An Shun Securities Investment Fund	Others	0.54	2,445,921			Unknown

Changes in Share Capital and Particulars of Shareholders *(continued)*

(II) SHAREHOLDERS *(continued)*

1. Number of shareholders and shareholding *(continued)*

The top ten holders of circulating shares and their respective shareholdings

Name of shareholder	Number of circulating shares held	Class of shares
HKSCC Nominees Limited	168,917,399 investment shares	Overseas listed foreign
Bank of Communications - Fuguo Tianyi Value Securities Investment Fund	4,680,036	RMB ordinary shares
Industrial and Commercial Bank - Guangfa Strategic Aborative-select Composite Securities Investment Fund	3,087,270	RMB ordinary shares
Bank of Communications - Hai Fu Tong Selection Securities Investment Fund	3,006,637	RMB ordinary shares
Bank of China - Hai Fu Tong Income Securities Investment Fund	3,000,000	RMB ordinary shares
Industrial and Commercial Bank of China - Guangfa Jufu Open-ended Securities Investment Fund	2,742,115	RMB ordinary shares
Bank of Communications - Edged Securities Investment Fund	2,730,065	RMB ordinary shares
China Construction Bank - Huaan Hongli Share-type Securities Investment Fund	2,499,978	RMB ordinary shares
Bank of Communications - An Shun Securities Investment Fund	2,445,921	RMB ordinary shares
Industrial and Commercial Bank of China - Guangfa Jufeng Share-type Securities Investment Fund	2,377,082	RMB ordinary shares

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

The Company is not aware of any connection
or any act in concert among the top ten
shareholders and the top holder of circulating
shares.



Changes in Share Capital and Particulars of Shareholders *(continued)*

(II) SHAREHOLDERS *(continued)*

1. Number of shareholders and shareholding *(continued)*

The top ten holders of restricted shares and restricting conditions

Unit: Share

Holder of restricted shares	Number of restricted shares held	Date on which restricted shares can be traded on the Shanghai Stock Exchange	Increase in number of shares available for trading on the Shanghai Stock Exchange	Restricting condition
China Dongfang Electric Corporation	203,800,000	17 April 2007		The Company undertakes that it will not trade on the Shanghai Stock Exchange or transfer its non-circulating shares within 12 months from the date of the implementation of the share segregation reform. Upon the expire of the aforesaid undertaking period, the non-circulating shares of the Company will be traded on the Shanghai Stock Exchange, provided that the number of non-circulating shares so traded shall not exceed 5% of the total issued shared capital of the Company for 12 months of trading and not exceed 10% for 24 months of trading respectively, and that the selling price of the shares shall not be lower than 150% of the closing price of A shares on the trading day immediately preceding the date of the announcement of the share segregation reform (namely RMB23.39 per A share). If there is any dividends distribution or allotment of shares and capitalization or allotment of shares and capitation of capital reserve, which results in changes in shares or shareholding structure of the Company, such price will be calculated on an ex-rights basis.

2. Controlling shareholder and the ultimate controller

(1) Information of the legal person controlling shareholder and the ultimate controller

Controlling shareholder and the ultimate controller: China Dongfang Electric Corporation

Legal person representative: Mr. Wang Ji

Registered capital: RMB872,743,000

Date of incorporation: 1984

Principal operations or operational activities: its major operation include chief contracting and sub-contracting for projects of hydro, fire and nuclear electricity station, technological development and technological enquiry service for facilities package of electricity station, manufacturing of package of facilities and sales of facilities.

(II) SHAREHOLDERS *(continued)*

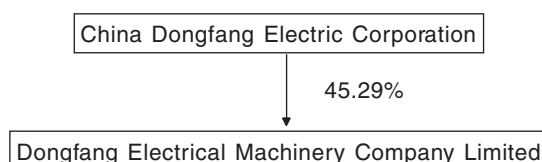
2. Controlling shareholder and the ultimate controller

(2) Change of controlling shareholder and the ultimate controller

Name of the new controlling shareholder:	China Dongfang Electric Corporation
Date of change of controlling shareholder:	17 February 2006
Newspapers for disclosure of changes of the controlling shareholder:	China Securities Journal, Shanghai Securities News, Wen Wei Po, The Standard (in English)

Dongfang Electrical Machinery Works ("DFEW"), the former holding company of the Company, entered into Transfer Agreement regarding State-owned Legal Person Shares with DEC on 10 November 2005, pursuant to which DFEW 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 DEC at nil consideration. Upon completion of the equity transfer, DEC holds 220,000,000 state-owned legal person shares of the Company and becomes the largest shareholder of the Company while DFEW no longer holds any share of the Company. The abovementioned shares are state-owned legal person shares. DEC has been granted waivers from mandatory offer for A shares and H shares of the Company respectively by CSRC and Securities and Futures Commission of Hong Kong. According to the Reply to Transfer of State-owned shares in Dongfang Electrical Machinery Company Limited issued by State-owned Assets Supervision and Administration Commission of the State Council, DFEW was approved to transfer 220,000,000 state-owned shares in the Company (representing 48.89% of the Company's total share capital) held by it to DEC at nil consideration. According to the Confirmation of Share Transfer issued by China Securities Depository and Clearing Corporation Limited, Shanghai Branch, the 220,000,000 state-owned shares in the Company have been transferred to the account of DEC and registered under its name on 17 February 2006.

(3) Framework of the relation of property right and controlling between the Company and the controlling shareholder



Changes in Share Capital and Particulars of Shareholders *(continued)*

(II) SHAREHOLDERS *(continued)*

3. Other legal person shareholders holding 10% or more shares

There was no other legal person shareholder holding 10% or more shares at the end of the reporting period.

4. Shares held by HKSCC Nominees Limited are shares held on behalf of its customers. The Company has not received any report of any holders of H Shares holding more than 10% of the total issued share capital of the Company. Particulars of shareholders holding over 5% of the issued H share capital of the Company are as follows:

Name	Type of shareholder	Number of shares held	Percentage of total issued share capital (%)	Percentage of total H share issued (%)
J.P. Morgan Chase & Co.	H Shares	14,238,000	3.16	8.38
		14,238,000 (Lending Pool)	3.16 (Lending Pool)	8.38 (Lending Pool)
Fidelity International Limited INVESCO Hong Kong Limited (previously known as INVESCO Asia Limited) in its capacity as manager / adviser of various accounts	H Shares	12,074,000	2.68	7.10
	H Shares	11,591,000	2.58	6.81

5. 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.
6. Neither the Company nor its subsidiaries did purchase, sell nor redeem any of the Company's shares during the reporting period.
7. There is no provision for pre-emptive rights under the relevant PRC laws and the Company's Articles of Association.
8. As at 31 December 2006, the Company had not issued any convertible securities, options, warrants or any other similar rights.