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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)

- (1) RENEWAL OF GENERAL MANDATE TO ISSUE SHARES**
(2) EXTENSION OF VALIDITY PERIOD FOR ISSUANCE OF A SHARES TO SPECIFIC TARGETS
(3) EXTENSION OF VALIDITY PERIOD OF AUTHORISATION TO THE BOARD AND ITS AUTHORISED PERSONS TO DEAL WITH MATTERS RELEVANT TO THE ISSUANCE OF A SHARES TO SPECIFIC TARGETS AND
(4) NOTICE OF THE 2024 SECOND EXTRAORDINARY GENERAL MEETING

The Company will hold the EGM on Friday, 19 April 2024 at 9:00 a.m. at the conference room of the Company, No. 18 Xixin Road, High-Tech District (Western District), Chengdu City, Sichuan Province, the PRC. The notice convening the EGM is set out on pages EGM-1 to EGM-3 of this circular.

The proxy form and reply slip for use at the EGM are enclosed with this circular. Any Shareholder(s) entitled to attend and vote at the EGM is/are entitled to appoint one or more proxies to attend and vote on his/her/their behalf. A proxy need not be a Shareholder of the Company. If you intend to appoint a proxy to attend the EGM and vote on your behalf, you are requested to complete the proxy form in accordance with the instructions printed thereon and return it by hand, by post or by facsimile to the Company's H share registrar, Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shareholders only) as soon as possible and in any event not later than 24 hours before the time appointed for the holding of the EGM (i.e. before 9:00 a.m. on Thursday, 18 April 2024). Completion and return of the proxy form will not preclude you from attending and voting at the EGM or any adjournment hereof should you so wish. Shareholders who intend to attend the EGM in person or by proxy should complete and return the reply slip in accordance with the instructions printed thereon on or before Thursday, 18 April 2024.

3 April 2024

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DEFINITIONS

In this circular, unless the context requires otherwise, the following expressions have the following meanings:

“2023 Third EGM”	the third extraordinary general meeting of 2023 of the Company
“A Share(s)”	the domestic ordinary shares of the Company with a nominal value of RMB1.00 each, which are subscribed for and/or credited as fully paid up in RMB by the PRC nationals and/or the PRC corporate entities and listed and traded on the Shanghai Stock Exchange
“A Shareholder(s)”	holder(s) of A Share(s)
“Articles of Association”	the current articles of association of the Company
“Associated Shareholders”	in relation to DEC Group, Shareholders who are considered to be in association with it under the Shanghai Listing Rules
“associate(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Authorisation”	the authorisation to the Board and its authorised person(s) to deal with matters relevant to the Issuance of A Shares to Specific Targets
“Board”	the board of Directors of the Company
“China” or “PRC”	the People’s Republic of China which for the purposes of this circular excludes Hong Kong, the Macao Special Administrative Region and Taiwan
“Company”	東方電氣股份有限公司 (Dongfang Electric Corporation Limited), a joint stock limited company incorporated in the PRC with limited liability whose H Shares and A Shares are listed on the Main Board of the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively
“connected person”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“CSDC”	China Securities Depository and Clearing Corporation Limited, Shanghai branch

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“CSRC”	the China Securities Regulatory Commission
“DEC Group”	Dongfang Electric Corporation (中國東方電氣集團有限公司), a limited liability company (wholly state-owned) established in the PRC and is the controlling shareholder of the Company
“DEC Group Assets Acquisition Agreement”	the conditional assets acquisition agreement dated 4 April 2023 and entered into between the Company and DEC Group in relation to the Proposed Assets Acquisition
“DEC Group Subscription Agreement”	the conditional share subscription agreement dated 4 April 2023 and entered into between the Company and DEC Group in relation to the Proposed DEC Group Subscription
“Director(s)”	the director(s) of the Company
“EGM”	the 2024 second extraordinary general meeting of the Company to be held at the conference room of the Company, No. 18 Xixin Road, High-Tech District (Western District), Chengdu City, Sichuan Province, the PRC on Friday, 19 April 2024 at 9:00 a.m., the notice of which is contained in this circular
“Existing General Mandate”	the unconditional general mandate to issue additional A Shares and/or H Shares of not exceeding 20% of the issued A Shares and H Shares of the Company as at the date of the 2023 Third EGM
“General Mandate”	the unconditional general mandate to issue additional A Shares and/or H Shares to be granted to the Board at the EGM, details of which are set out in the section headed “II. Renewal of General Mandate to issue Shares” in the letter from the Board contained in this circular
“Group”	the Company and its subsidiaries
“H Share(s)”	foreign-invested ordinary shares of the Company with a nominal value of RMB1.00 each, which are listed on the Main Board of the Hong Kong Stock Exchange and traded in Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange

DEFINITIONS

“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Issuance of A Shares to Specific Targets”	the proposed issuance of A Shares to Specific Targets by the Company of not more than 272,878,203 A Shares to not more than 35 Specific Investors, details of which are set out in the section headed “III. Extension of Validity Period for Issuance of A Shares to Specific Targets” in the letter from the Board contained in this circular
“Issue Proposal”	the proposal for the Issuance of A Shares to Specific Targets (2023 年度向特定對象發行A股股票預案) in the PRC, the full text of the English translation of which is set out in Appendix I to the circular of the Company dated 5 April 2023
“Latest Practicable Date”	28 March 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Proposed Assets Acquisition”	the proposed acquisition of the Relevant Assets from DEC Group pursuant to the terms of the DEC Group Assets Acquisition Agreement
“Proposed DEC Group Subscription”	the proposed subscription of new A Shares by DEC Group as part of the Issuance of A Shares to Specific Targets and pursuant to the terms of the DEC Group Subscription Agreement
“Shanghai Listing Rules”	上海證券交易所股票上市規則 (the Listing Rules of the Shanghai Stock Exchange)
“Shanghai Stock Exchange”	上海證券交易所 (Shanghai Stock Exchange)
“Shareholder(s)”	holder(s) of the Shares
“Specific Investor(s)” or “Specific Target(s)”	the subscriber(s) of the Issuance of A Shares to Specific Targets
“%”	per cent

LETTER FROM THE BOARD



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)

Directors:

Mr. Yu Peigen (*Chairman*)
Mr. Song Zhiyuan
Mr. Liu Zhiquan
Mr. Zhang Yanjun
Mr. Sun Guojun

Registered office:

No. 18 Xixin Road
High-Tech District (Western District)
Chengdu City
Sichuan Province, the PRC

Independent Non-executive Directors:

Mr. Liu Dengqing
Mr. Huang Feng
Mr. Zeng Daorong

Principal place of business in Hong Kong:

5/F, Manulife Place
348 Kwun Tong Road, Kowloon
Hong Kong

3 April 2024

To the Shareholders:

Dear Sir or Madam,

- (1) RENEWAL OF GENERAL MANDATE TO ISSUE SHARES**
(2) EXTENSION OF VALIDITY PERIOD FOR ISSUANCE OF
A SHARES TO SPECIFIC TARGETS
(3) EXTENSION OF VALIDITY PERIOD OF AUTHORISATION TO
THE BOARD AND ITS AUTHORISED PERSONS TO
DEAL WITH MATTERS RELEVANT TO
THE ISSUANCE OF A SHARES TO SPECIFIC TARGETS
AND
(4) NOTICE OF THE 2024 SECOND EXTRAORDINARY GENERAL MEETING

LETTER FROM THE BOARD

I. INTRODUCTION

Reference is made to the announcement of the Company dated 28 March 2024 with respect to the resolutions in relation to the renewal of general mandate to issue Shares and extension of the validity period for the Issuance of A Shares to Specific Targets and the Authorisation and the convening of the EGM.

The purpose of this circular is to give you the notice of the EGM, which is set out EGM-1 to EGM-3 of this circular and to provide you with information reasonably necessary to enable you to make informed decision on voting for or against the resolutions to be proposed at the EGM as described below.

II. RENEWAL OF GENERAL MANDATE TO ISSUE SHARES

Given that the Existing General Mandate is about to expire on 19 April 2024, to ensure flexibility and discretion to the Board to issue new Shares when it becomes desirable, the Board has resolved to submit a special resolution to the EGM for consideration and approval on a proposed General Mandate to issue certain Shares. Pursuant to the General Mandate (if granted), according to market conditions and the needs of the Company, the Board will separately or concurrently issue additional A Shares and/or H Shares in the share capital of the Company, the total number of such additional A Shares and/or H Shares to be issued shall not exceed each of 20% of the issued A Shares and H Shares of the Company, respectively, as at the time of approval of the relevant resolution at the EGM.

As at the Latest Practicable Date, the issued share capital of the Company comprised of 2,777,499,457 A Shares and 340,000,000 H Shares. Subject to the approval of the grant of the General Mandate by the Shareholders and on the basis that no further Shares are issued before the EGM, the Board will have the power to issue up to 555,499,891 A Shares and 68,000,000 H Shares.

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The specific contents of the General Mandate include but are not limited to the following:

1. The granting of a general mandate to the Board (within the scope as set out in paragraph 2 below) to, subject to market conditions and the requirements of the Company, separately or concurrently issue additional shares of the issued A Shares and/or H Shares of the Company during the Relevant Period (as defined below), and to make or grant decisions which might require the exercise of such powers (including authorising the Board during the Relevant Period to make or grant decisions which might require the exercise of such powers after the end of the Relevant Period).
2. The aggregate number of the A Shares and/or H Shares conditionally or unconditionally agreed to be issued (whether pursuant to the exercise of options or otherwise) by the Board shall not exceed 20% of the respective class of Shares in issue of the Company when this resolution is approved at the EGM.
3. The Board is authorised to formulate and implement the detailed issuance plan, including but not limited to (i) the class and number of the new shares to be issued, (ii) the pricing mechanism and/or issue price (including price range), (iii) starting and closing date of the issuance, (iv) use of proceeds, (v) the making or granting of authorisations in respect of decisions which may require the exercise of such powers, and (vi) other contents that the detailed issuance plan should contain as required by the relevant laws and regulations and other regulatory documents, the relevant regulatory institutions, and the exchange where the relevant Shares are listed.
4. The Board is authorised to engage intermediary institutions in respect of the issuance of Shares, to approve and sign all acts, documents and other matters necessary or relevant to the issuance of Shares, and to consider, approve, and sign, on behalf of the Company, agreements related to the issuance of Shares, including but not limited to subscription agreements, underwriting agreements and engagement agreements of intermediaries.
5. The Board is authorised to consider and execute, on behalf of the Company, statutory documents related to the issuance of Shares for submission to the relevant regulatory authorities, to carry out relevant approval procedures as required by regulatory authorities and the places in which the Company is listed, and to complete all necessary filings, registrations and record with the relevant governmental authorities of Hong Kong and/or any other regions or jurisdictions (if applicable).

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6. The Board is authorised to amend, as required by regulatory authorities within or outside China, relevant agreements and statutory documents referred to in paragraphs (4) and (5) above.
7. The Board is authorised to approve the increase in registered capital of the Company after issuance of the new Shares, make appropriate and necessary amendments to the relevant contents of total share capital and shareholding structure in the Articles of Association, carry out the relevant approval, registration and filing procedures pursuant to domestic and overseas statutory requirements, and take any other action and complete any procedures required to implement the relevant share issuance and realize the increase in the registered capital of the Company.
8. Upon obtaining of the aforesaid mandate by the Board, to delegate the authority to the authorised person(s) of the Company to jointly or individually sign, execute, amend, complete and submit all agreements, contracts and documents relating to the issuance of shares under the General Mandate unless otherwise required under the relevant laws and regulations.
9. Exercise of the General Mandate by the Board is subject to the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Hong Kong Listing Rules, or all applicable laws, regulations and rules of any other governmental or regulatory authorities.

Except that the Board may make or grant decisions under the authorisation granted thereto during the Relevant Period in relation to the Issuance of A Shares and/or H Shares, which might require further promotion or implementation after the end of the Relevant Period, the General Mandate shall be effective during the Relevant Period. "Relevant Period" means the period from the passing of this resolution as a special resolution at the EGM until whichever is the earliest of:

- (i) the expiration of a 12-month period following the passing of the resolution at the EGM; or
- (ii) the revocation or variation of the authority given under this resolution by passing of a special resolution of the Company in a general meeting.

Should the Board or its authorised person(s), during the Relevant Period, sign the necessary documents, complete the necessary formalities or take relevant steps which might require to be performed or carried out upon or after the end of the Relevant Period or continued until the end of the Relevant Period, the Relevant Period will be extended accordingly.

The General Mandate has been considered and approved by the Board, and will be proposed at the EGM for the Shareholders' consideration and approval by way of special resolution.

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III. EXTENSION OF VALIDITY PERIOD FOR ISSUANCE OF A SHARES TO SPECIFIC TARGETS

At the 2023 Third EGM, the Shareholders passed the resolution to approve, among others, the Issuance of A Shares to Specific Targets. The validity period of such resolution was 12 months, being calculated from 20 April 2023, i.e. the date of approval at the 2023 Third EGM.

On 27 July 2023, the Shanghai Stock Exchange approved the application of the Issuance of A Shares to Specific Targets. However, the Issuance of A Shares to Specific Targets is also subject to the completion of registration through the registration system for A Shares, as mandated by the CSRC. On 17 August 2023, application documents and relevant review materials relating to the Issuance of A Shares to Specific Targets were submitted to the CSRC for registration. On 27 August 2023, the CSRC announced a series of measures to coordinate the balance of primary and secondary markets and optimise initial public offerings and refinancing regulatory arrangements (the “**Measures**”). Since the introduction of the Measures, the approval of refinancing and registration has been slowing down. As at the Latest Practicable Date, the Company had continuously met the relevant issuance conditions and there had not been major events which may affect the Issuance of A Shares to Specific Targets. The Company had not received any inquiry or approval for registration from the CSRC. Other than the approval for registration from the CSRC, there is no outstanding regulatory approval that is required to be obtained for the Issuance of A Shares to Specific Targets. To the best knowledge of the Directors after discussion with the PRC legal advisers of the Company, the Directors are of the view that there is no legal impediment for the Company to obtain approval for registration from the CSRC. The exact completion time of the Issuance of A Shares to Specific Targets is dependent on the approval for registration from the CSRC.

As the validity period of the resolutions in relation to the Issuance of A Shares to Specific Targets approved at the 2023 Third EGM will expire soon, and the matters related to the Issuance of A Shares to Specific Targets are still in progress, in order to ensure the continuity, effectiveness, and smooth performance of the Issuance of A Shares to Specific Targets, the Board has resolved to submit a special resolution to the EGM for consideration and approval on the extension of the validity period of the Issuance of A Shares to Specific Targets for a period of 12 months from the date of approval at the EGM, i.e. the validity period will be extended to 19 April 2025.

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The key terms of the Issuance of A Shares to Specific Targets approved at the 2023 Third EGM are set out below:

Method and time of issuance The Issuance of A Shares to Specific Targets will be conducted entirely by way of Issuance of A Shares to specific targets, and the shares will be issued to Specific Investors within 12 months from the date of approval by the CSRC in due course.

Specific Investors The shares will be issued to not more than 35 Specific Investors, including the controlling shareholder of the Company, DEC Group. Among which, DEC Group intends to subscribe for an amount of RMB500 million, and the final number of shares to be subscribed by DEC Group shall be determined by a supplemental agreement to be entered into by DEC Group and the Company upon determination of the issue price. Other Specific Investors shall subscribe for the shares in cash.

Other than the DEC Group, the Specific Investors are securities investment fund management companies, securities companies, trust companies, finance companies, insurance institution investors, qualified foreign institutional investors and other legal persons, natural persons or other qualified institutional investors who meet the relevant legal and regulatory requirements. Among which, if any securities investment fund management company, securities company, qualified foreign institutional investor or RMB qualified foreign institutional investor subscribes for two or more products under its management, it shall be deemed as one single Specific Investors; where any trust company is a Specific Investors, it shall only subscribe with its own capital.

Other than the DEC Group, the final subscribers will be determined by the negotiations between the Board under the authorisation granted at the EGM and the sponsor (lead underwriter) with reference to the price bidding results, upon the Company obtaining the approval from the Shanghai Stock Exchange and decision of registration from the CSRC having been made for the Issuance of A Shares to Specific Targets in accordance with relevant PRC laws and requirements.

The Specific Investors shall subscribe for the shares to be issued under the Issuance of A Shares to Specific Investors in cash.

LETTER FROM THE BOARD

Number of new A Shares to be issued The number of shares to be issued under the Issuance of A Shares to Specific Targets shall not exceed 272,878,203 shares (inclusive) and the number of shares to be issued shall not exceed 10% of the total share capital of the Company prior to the Issuance of A Shares to Specific Targets. The final number of shares to be issued shall be determined by the negotiations between the Board under the authorisation granted at the EGM and the sponsor (lead underwriter) and the actual situation upon issuance, based on the maximum number of shares approved by the CSRC.

Issue price and principles of pricing The Issuance of A Shares to Specific Targets shall be made by way of price bidding, with the pricing benchmark date (the “**Pricing Benchmark Date**”) being the first day of the issuance period, and the issue price (the “**Benchmark Price**”) shall set at no less than 80% of the average trading price of the A Shares for the 20 trading days prior to the Pricing Benchmark Date, and shall be no less than the value of the audited net assets per share of the Company attributable to the Shareholders as of the end of the most recent financial period prior to the issuance, whichever is higher. The final issue price will be determined by the negotiations between the Board under the authorisation granted at the EGM and the sponsor (lead underwriter), with reference to the price bidding results, upon the Company obtaining the approval from the Shanghai Stock Exchange and decision of registration from the CSRC having been made for the Issuance of A Shares to Specific Targets in accordance with relevant PRC laws and requirements, but will not be lower than the Benchmark Price.

The average closing price of the H Shares in the five trading days immediately prior to the Latest Practicable Date was HK\$8.546 per H Share (the “**H Share Average Closing Price**”). Pursuant to Rule 13.36(5) of the Hong Kong Listing Rules, the Company may not issue any securities pursuant to a general mandate given under Rule 13.36(2)(b) if the relevant price represents a discount of 20% or more to the benchmarked price of the H Shares, such benchmarked price being the higher of: (i) the closing price of H Shares on the date of the relevant placing agreement or other agreement involving the proposed issue of securities under the general mandate; and (ii) the H Share Average Closing Price. The Company will make further announcement(s) when the Issue Price has been determined, and will comply with the relevant requirements under Rule 13.36(5) of the Hong Kong Listing Rules.

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Amount and use of proceeds The total amount of proceeds from the Issuance of A Shares to Specific Targets shall not exceed RMB5,000 million, and the net proceeds after deducting issuing expenses are intended to be invested in the following purposes:

No.	Project name	Total project investment (RMB ten thousand)	Proposed amount of net proceeds to be applied (RMB ten thousand)	Expected time of utilisation
A. Acquisition of equity interests in subsidiaries				
1.	Acquisition of 8.14% equity interests in Dongfang Electric Machinery from DEC Group	73,541.53	73,541.53	Within 1 month upon receipt of the proceeds
2.	Acquisition of 8.70% equity interests in Dongfang Turbine from DEC Group	113,340.78	113,340.78	Within 1 month upon receipt of the proceeds
3.	Acquisition of 4.55% equity interests in Dongfang Boiler from DEC Group	48,646.05	48,646.05	Within 1 month upon receipt of the proceeds
4.	Acquisition of 5.63% equity interests in Dongfang Heavy Machinery from DEC Group	17,122.89	17,122.89	Within 1 month upon receipt of the proceeds
		<u>17,122.89</u>	<u>17,122.89</u>	

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No.	Project name	Total project investment (RMB ten thousand)	Proposed amount of net proceeds to be applied (RMB ten thousand)	Expected time of utilisation
B. Construction projects				
5.	Pumped storage manufacturing capability enhancement project of Dongfang Electric Machinery	96,806.80	45,000.00	Up to March 2026 <i>(note)</i>
6.	Gas turbine rotor processing and manufacturing capability enhancement project of Dongfang Turbine	14,280.00	8,500.00	Up to December 2023 <i>(note)</i>
7.	Digital workshop construction project of Dongfang Turbine	58,340.00	41,000.00	Up to December 2025 <i>(note)</i>
8.	Digital construction project of Dongfang Boiler	35,778.30	25,000.00	Up to December 2025 <i>(note)</i>
C. Replenishment of working capital				
9.	Replenishment of working capital	127,848.74	127,848.74	Not applicable
Total		585,705.10	500,000.00	

Note: The proceeds are expected to be utilised during the respective construction period of the relevant projects, the actual time of which will be based on the overall progress and actual circumstances of the relevant projects.

Within the scope of the proposed amount of net proceeds to be applied to the respective project, the Company will adjust the amount and decide the priority of application of proceeds to each project according to the actual progress of the projects and their respective capital needs. Before receiving the proceeds from the Issuance of A Shares to Specific Targets, the Company will first use its own funds to invest in the projects according to their respective actual progress, and upon receipt of the proceeds from the Issuance of A Shares to Specific Targets, the Company will utilise the proceeds instead in accordance with the relevant PRC laws and regulations. In case the net proceeds after deducting issuing expenses are not sufficient to meet the proposed total amount of net proceeds to be applied, such shortfall will be settled by the Company's self-financing.

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Other than the extension of the validity period of the Issuance of A Shares to Specific Targets and the validity period of the Authorization (details of which are set out in the section headed “IV. Extension of Validity Period of Authorisation to the Board and its Authorised Persons to Deal with Matters Relevant to the Issuance of A Shares to Specific Targets” below), all the contents of the Issue Proposal will remain unchanged. Please refer to Appendix I to the circular of the Company dated 5 April 2023 for full text of the Issue Proposal.

Save for the Issuance of A Shares to Specific Targets, as at the Latest Practicable Date, the Company has no concrete plans to carry out other fund-raising activities in the forthcoming twelve months.

On 4 April 2023, as part of the Issuance of A Shares to Specific Targets, the Company entered into the DEC Group Subscription Agreement with DEC Group, pursuant to which the DEC Group has agreed to subscribe for such number of A Shares in cash based on the final issue price of A Shares under the Issuance of A Shares to Specific Targets, for an amount of RMB500 million. The number of A Shares to be issued to DEC Group shall be determined based on the subscription amount (i.e. RMB500 million), divided by the final issue price of A Shares under the Issuance of A Shares (rounded down to the nearest whole number). The Proposed DEC Group Subscription was approved by the Shareholders at the 2023 Third EGM.

On 4 April 2023, the Company and DEC Group entered into the DEC Group Assets Acquisition Agreement, pursuant to which DEC Group conditionally agreed to sell and the Company conditionally agreed to purchase (i) 8.14% equity interests in Dongfang Electric Machinery; (ii) 8.70% equity interests in Dongfang Turbine; (iii) 4.55% equity interests in Dongfang Boiler; and (iv) 5.63% equity interests in Dongfang Heavy Machinery (collectively, the “**Relevant Assets**”). The conditions of acquisition of the Relevant Assets are the Company obtaining the approval from the Shanghai Stock Exchange and decision of registration from the CSRC having been made for the Issuance of A Shares to Specific Targets, and the receipt of the proceeds from the Issuance of A Shares to Specific Targets.

While DEC Group is a substantial shareholder of the Company and hence, a connected person within the meaning of the Hong Kong Listing Rules, the Company intends that all of the other investors with whom the new A Shares will be placed pursuant to the Issuance of A Shares to Specific Targets will not be connected persons of the Company, nor does the Company expect any of them to become substantial shareholders of the Company upon completion of the Issuance of A Shares to Specific Targets. The Company confirms that the extension of the validity period of the Issuance of A Shares to Specific Targets and the validity period of the Authorization (details of which are set out in the section headed “IV. Extension of Validity Period of Authorisation to the Board and its Authorised Persons to Deal with Matters Relevant to the Issuance of A Shares to Specific Targets” below) shall not affect the terms of the DEC Group Subscription Agreement and the DEC Group Assets Acquisition Agreement. The Proposed DEC Group Subscription and the Proposed Assets Acquisition from DEC Group approved by the Shareholders at the 2023 Third

LETTER FROM THE BOARD

EGM shall remain unchanged. For details, please refer to sections headed “III. Proposed Issuance of A Shares Specific Targets – 2. Proposed DEC Group Subscription” and “IV. Discloseable and Connected Transaction: Proposed Acquisition of Assets from DEC Group” in the letter from the Board contained in the circular of the Company dated 5 April 2023.

Other than the DEC Group Subscription Agreement, the Company has, as at the Latest Practicable Date, yet to enter into any agreement with any investor in relation to the subscription of the new A Shares pursuant to the Issuance of A Shares to Specific Targets.

IV. Extension of Validity Period of Authorisation to the Board and its Authorised Persons to Deal with Matters Relevant to the Issuance of A Shares to Specific Targets

The Board has resolved to submit a special resolution to the EGM for consideration and approval on the extension of the validity period of the Authorisation for a period of 12 months from the date of approval at the EGM, i.e. the validity period will be extended to 19 April 2025. Pursuant to the Authorisation, the Board or its authorised person shall be authorised to deal with, in its absolute discretion, all matters relating to the extension of the Issuance of A Shares to Specific Targets, including but not limited to the following:

- (1) To make appropriate amendments, adjustments and supplements to the terms of the Issuance of A Shares to Specific Targets within the scope permitted by the relevant laws and regulations, guidance materials, and the Articles of Association in accordance with the feedback of the regulatory authorities as well as the actual situations of the Company, to finalise the specific terms and plan for the Issuance of A Shares to Specific Targets prior to the issuance, and to formulate and implement the final plan for the Issuance of A Shares to Specific Targets, including but not limited to, the timing of the issuance, the subscription targets, method of the issuance, price of the issuance, number of Shares of the issuance, the use of proceeds, and to determine the timing to proceed with the Issuance of A Shares to Specific Targets, the establishment of designated accounts for the proceeds, the signing of relevant account supervisory agreement(s) in respect of the designated accounts for the proceeds, as well as other matters related to the Issuance of A Shares to Specific Targets.
- (2) To engage the intermediary institutions for the Issuance of A Shares to Specific Targets, to handle reporting matters related to issue of new Shares and their listing in connection with the Issuance of A Shares to Specific Targets, to approve, prepare, sign, modify and submit the application materials (or other necessary documents) related to the Issuance of A Shares to Specific Targets according to the relevant requirements of the regulatory authorities, to have full authority to respond to the queries raised by the regulatory authorities, to handle the relevant reporting, registration, filing, approval and consent procedures with the relevant governmental authorities, regulatory authorities, stock exchanges and securities registration and clearing institutions, and to handle information disclosure matters related to the Issuance of A Shares to Specific Targets in accordance with regulatory requirements.

LETTER FROM THE BOARD

- (3) To prepare, sign, amend, supplement, submit, report and implement all the agreements, contracts and documents in relation to the Issuance of A Shares to Specific Targets including but not limited to the share subscription agreement(s), agreement(s) related to the use of proceeds, engagement agreement(s) of intermediaries, announcement(s), policy(ies) and other disclosure documents.
- (4) To make adjustments to the arrangements on the use of proceeds within the scope as approved by the Shareholders at the EGM, pursuant to the relevant laws and regulations of the PRC and the requirements of the regulatory authorities and having considered the actual progress of the implementation of the investment projects to which the fund raising relates and the actual amount of proceeds raised.
- (5) To handle the relevant matters such as registration, escrow arrangement, lock-up and listing of the A Shares under the Issuance of A Shares to Specific Targets with the Shanghai Stock Exchange and the CSDC upon completion of the Issuance of A Shares to Specific Targets.
- (6) To amend the relevant articles of the Articles of Association in order to reflect the registered capital and the capital structure of the Company following completion of the Issuance of A Shares to Specific Targets, to handle the formalities for change of registration with the relevant government and regulatory authority(ies) and to deal with other filing procedures.
- (7) To make corresponding adjustment(s) to the matters related to the Issuance of A Shares to Specific Targets if there is any change in the policies of the regulatory authorities in respect of issuance of shares to specific targets or any change in the market conditions (except for the matters that should be re-voted on at the general meeting of the Company according to the relevant laws and regulations, guidance materials, the Articles of Association and the requirements of the regulatory authorities).
- (8) To have a discretion to delay or cancel the implementation of the Issuance of A Shares to Specific Targets or continue to handle the Issuance of A Shares to Specific Targets based on new policies in the case of force majeure or any other circumstance which is sufficient to render the Issuance of A Shares to Specific Targets unimplementable, or although implementable, will cause material adverse effect to the Company if implemented, or if there is any change in the policies of the regulatory authorities in respect of issuance of shares to specific targets.

LETTER FROM THE BOARD

- (9) To analyse, study and demonstrate the dilution of immediate returns arising from the issuance of the A Shares under the Issuance of A Shares to Specific Targets in the event of changes in policies and requirements of the relevant laws, regulations and the requirements of regulatory authorities on using re-financing to remedy the diluting effect on immediate returns, to formulate, amend and implement relevant remedial measures for dilution of immediate returns, and to handle any other matters in relation thereto.
- (10) To deal with other matters relating to the Issuance of A Shares to Specific Targets within the scope permitted under the relevant laws, regulations, guidance materials and the Articles of Association.
- (11) Subject to the grant the above authorisation to the Board by the Shareholders, starting from the date of approval at the EGM, to delegate the authorised person(s) of the Board to exercise all such matters authorised to be handled by the Board commencing on the date of approval at the EGM, unless otherwise required pursuant to the relevant laws and regulations.
- (12) In respect of the above authorisation to the Board that concerns the obtaining of approval from the CSRC on specific matters to be carried out after the Issuance of A Shares to Specific Targets, such authorisation shall be valid until the date of completion of such specific matters. In respect of other matters, the above authorisation to the Board will be valid for 12 months commencing on the date of approval at the EGM.

The Company confirms that, since the date of the 2023 Third EGM and up to the Latest Practicable Date, there had been no material adverse change to the business, operation and financial conditions of the Group. Neither the renewal of General Mandate to issue Shares, the extension of validity period for Issuance of A Shares to Specific Targets, nor the extension of validity period of Authorisation to the Board and its authorised persons to deal with matters relevant to the Issuance of A Shares to Specific Targets will have any material adverse impact on the Group.

V. EGM

It was proposed that (i) the General Mandate; (ii) extension of validity period for the Issuance of A Shares to Specific Targets; and (iii) the extension of the validity period shall be considered and, if thought fit, to be approved at the EGM.

The EGM will be held at the conference room of the Company, No. 18 Xixin Road, High-Tech District (Western District), Chengdu City, Sichuan Province, the PRC on Friday, 19 April 2024 at 9:00 a.m. to consider and, if thought fit, approve, inter alia, the matters as set out in the notice convening the EGM set out in pages EGM-1 to EGM-3 of this circular.

LETTER FROM THE BOARD

Pursuant to Rule 19A.38 of the Hong Kong Listing Rules, the issue of the new A Shares under the Issuance of A Shares to Specific Targets by way of General Mandate requires the approval of the Shareholders by way of special resolutions at the EGM. DEC Group is a substantial shareholder of the Company and hence, a connected person within the meaning of the Hong Kong Listing Rules. Accordingly, pursuant to the Articles of Association, the Hong Kong Listing Rules and the Shanghai Listing Rules, the issue of new A Shares under the Issuance of A Shares to Specific Targets requires the approval of the Shareholders (excluding DEC Group and its Associated Shareholders) by way of special resolutions at the EGM. Hence, DEC Group, its associates and Associated Shareholders will abstain from voting on the resolutions in respect of the Issuance of A Shares to Specific Targets and the Authorisation at the EGM.

VI. VOTING

Pursuant to Rule 13.39(4) of the Hong Kong Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The chairman of the EGM shall therefore demand voting on all resolutions set out in the notice of the EGM to be taken by way of poll pursuant to Article 96 of the Articles of Association.

Every Shareholder present in person or by proxy shall have one vote for each Share registered in his/her/its name in the register of members of the Company pursuant to Article 94 of the Articles of Association. A Shareholder entitled to two or more than two votes need not cast all the votes he/her/its used in the same manner pursuant to Article 98 of the Articles of Association.

VII. CLOSURE OF REGISTER OF HOLDERS OF H SHARES

For the purpose of ascertaining the Shareholders who are entitled to attend and vote at the EGM, the register of holders of H Shares of the Company will be closed on Friday, 19 April 2024 that no transfer of H Shares will be effected. In order to qualify for attending the EGM, all transfer documents of H Shares accompanied by the relevant share certificates must be lodged with Hong Kong Registrars Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 18 April 2024.

LETTER FROM THE BOARD

VIII. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

IX. RECOMMENDATIONS

The Directors are of the view that all relevant resolutions to be proposed at the EGM are in the best interests of Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of all the resolutions to be proposed at the EGM.

X. FURTHER INFORMATION

Please note that, apart from the approvals to be sought from the Shareholders at the EGM, the Issuance of A Shares to Specific Targets shall be subject to approval for registration from the CSRC as well as the satisfaction of a number of conditions as set out under the Issue Proposal. There is no assurance that the Issuance of A Shares to Specific Targets will proceed. Investors are advised to exercise caution when dealing in the H Shares or other securities of the Company.

Yours faithfully,
For and on behalf of the Board
Dongfang Electric Corporation Limited
Yu Peigen
Chairman

NOTICE OF THE 2024 SECOND EGM



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)

NOTICE OF THE 2024 SECOND EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2024 second extraordinary general meeting (the “**EGM**”) of Dongfang Electric Corporation Limited (the “**Company**”) will be held at the conference room of the Company, No. 18 Xixin Road, High-Tech District (Western District), Chengdu City, Sichuan Province, the PRC on Friday, 19 April 2024 at 9:00 a.m. for the purposes of considering and, if thought fit, approving the matters set out below. Unless the context otherwise requires, terms defined in the circular to the shareholders of the Company dated 3 April 2024 (the “**Circular**”), of which this notice forms part, shall have the same meanings when used herein.

NOTICE OF THE 2024 SECOND EGM

AS SPECIAL RESOLUTIONS

1. The resolution on the renewal of the General Mandate to issue Shares granted to the Board by the general meeting.
2. The resolution on the extension of the validity period of the general meeting's resolution on the Company's Issuance of A Shares to Specific Targets.
3. The resolution on the extension of the validity period of authorisation to the Board and its authorised persons to deal with matters relevant to the Issuance of A Shares to Specific Targets to be submitted at the general meeting.

By Order of the Board
Dongfang Electric Corporation Limited
Feng Yong
Joint Company Secretary

Chengdu, Sichuan Province, the PRC
3 April 2024

As at the date of this notice, the Directors of the Company are as follows:

Directors: *Yu Peigen, Song Zhiyuan, Liu Zhiquan, Zhang Yanjun and Sun Guojun*

Independent Non-executive Directors: *Liu Dengqing, Huang Feng and Zeng Daorong*

NOTICE OF THE 2024 SECOND EGM

Notes:

1. All holders of the Company's H Shares whose names appear on the register of members of the Company on Friday, 19 April 2024 are entitled to attend the EGM and should bring along their identity cards or passports when attending the EGM. Holders of the Company's H Shares should note that the register of members of the Company will be closed on Friday, 19 April 2024 that no transfer of H Shares will be effected. All transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in respect of H Shares, namely Hong Kong Registrars Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Thursday, 18 April 2024. Holders of the Company's H Shares who intend to attend the EGM should deliver the completed and signed reply slip for attending at the EGM, a copy of each of the shareholding document(s), copies of their identity cards or passports (with the pages showing the names of such Shareholders), by hand, by post (postal code: 611731) or by facsimile (fax number: (86) 28 8758 3551), to the correspondence address of the Company (No. 18 Xixin Road, High-Tech District (Western District), Chengdu City, Sichuan Province, the PRC) with the attention to the office of the Board on or before Thursday, 18 April 2024. The record date and arrangements in respect of the holders of A Shares who are entitled to attend the EGM will be determined and announced separately in the PRC by the Company.
2. Any Shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint a proxy or more proxies (who need not be a Shareholder of the Company) to attend the EGM and vote thereat in his/her/its stead. For Shareholders of the Company who appoint more than one proxy, the voting right can only be exercised by their proxies on a poll.
3. Any Shareholder of the Company who intends to appoint a proxy to attend the EGM shall put it in writing, to be signed by the appointer or his/her/its attorney duly authorized in writing. If any holder of the Company's H Shares who intends to appoint a proxy is a corporation, the proxy form must be affixed with the common seal of such Shareholder, or signed by any of its directors or attorney duly authorized in writing. If the proxy form is signed by an attorney authorized by the Shareholder of the Company, the power of attorney or other authority must be notarially certified. The notarially certified power of attorney or other authority together with the instrument appointing the proxy must be delivered to the Company's H share registrar, Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shareholders only) not later than 24 hours before the time appointed for the holding of the EGM. Completion and return of the proxy form will not affect the rights of the Shareholders of the Company to attend and vote at the EGM in person.
4. Proxies of holders of the Company's H Shares shall bring along the proxy form, instrument(s) for appointing a proxy (if applicable) and the proxies' identity cards or passports to attend the EGM.
5. A special resolution shall be passed by Shareholders (including proxies) representing more than two-third of the votes represented by the Shareholders (including proxies) present at the EGM.
6. Directors, supervisors and senior management of the Company and the witnessing lawyers and other relevant staff members employed by the Company will attend the EGM.
7. The EGM will last for not more than one day. Shareholders and proxies attending the EGM should be responsible for their own accommodation, travelling and other relevant expenses.
8. Contact details of the Company are set out as follows:

Correspondence address: No. 18 Xixin Road, High-Tech District (Western District), Chengdu City, Sichuan Province, the PRC

Contact person: Mr. Liu Zhi
Telephone: (86) 28 8758 3666
Fax: (86) 28 8758 3551
Email address: dsb@dongfang.com
Postal code: 611731