

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



東方電氣股份有限公司

Dongfang Electric Corporation Limited

(A joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 1072)

ANNOUNCEMENT

**PROPOSED ADOPTION OF
THE H SHARE APPRECIATION RIGHTS SCHEME
AND
PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION
AND
RESOLUTIONS PASSED AT THE THIRD MEETING
OF THE SEVENTH SESSION OF THE BOARD**

The board of directors (the “Board”) and all directors (the “Directors”) of Dongfang Electric Corporation Limited (the “Company”) warrant that there are no false representations or misleading statements contained in, or material omissions from, this announcement and jointly and severally accept responsibility for the truthfulness, accuracy and completeness of this announcement.

SPECIAL NOTICE:

The Board considered and approved the H Share Appreciation Rights Scheme of Dongfang Electric Corporation Limited (the “Scheme”) on 26 October 2012, which has been approved by the State-owned Assets Supervision and Administration Commission of the State Council (the “SASAC”), but still subject to the consideration and approval of the general meeting of the Company by way of special resolution.

The third meeting of the seventh session of the Board (the “Meeting”) was held at the conference room of the Company on 26 October 2012. All of the nine eligible Directors attended the Meeting, and two supervisors attended the Meeting as observers. The Meeting was chaired by Mr. Si Zefu, the chairman of the Board, and it was convened in compliance with the requirements of the relevant laws and administrative regulations as well as the articles of association. The Meeting and the resolutions passed thereat were legitimate and valid, with all the proposals passed unanimously, details of which are as follows:

1. Considered and approved the 2012 third quarterly report of the Company.
2. Considered and approved the proposal in relation to the increase in the registered capital of Dongfang Electric (India) Private Limited

Dongfang Electric (India) Private Limited is a wholly-owned subsidiary of the Company. In order to support its continued operation and role as the platform of the Company in India, the Company decided to increase its registered capital by USD12 million.

3. Considered and approved the proposal in relation to amendments to the articles of association which will be submitted to the forthcoming extraordinary general meeting of the Company for consideration.

For details, please refer to the circular of the Company to be dispatched to its shareholders, which was published on the website of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (www.hkex.com.hk) on the same date as this announcement.

4. Considered and approved the Scheme which will be submitted to the forthcoming extraordinary general meeting of the Company for consideration.

Six Directors, namely Si Zefu, Zhang Xiaolun, Wen Shugang, Huang Wei, Zhu Yuanchao and Zhang Jilie, being beneficiaries of the Scheme, abstained from voting on this proposal.

For details, please refer to the circular of the Company to be dispatched to its shareholders, which was published on the website of the Stock Exchange (www.hkex.com.hk) on the same date as this announcement.

In accordance with relevant laws and regulations, the Scheme has been approved by the SASAC, but still subject to the consideration and approval of the general meeting of the Company by way of special resolution.

5. Considered and approved the proposal to the general meeting to authorise the Board to deal with relevant matters relating to the Scheme.

To ensure the smooth implementation of the Scheme, the Board proposed authorization of the general meeting to the Board to handle the following matters, and agreed to submit the same to the forthcoming extraordinary general meeting for consideration:

- (a) Authorization to the Board to determine the Grant Date pursuant to the Scheme;
- (b) Authorization to the Board to grant Share Appreciation Rights (“SARs”) to the Incentive Recipients fulfilling the grant conditions pursuant to the Scheme, and handle all the matters relating to the validation and exercise of the SARs based on the validation arrangements and performance conditions;
- (c) Authorization to the Board to carry out all the other requisite issues for the Scheme, except for the power required to be exercised by the general meeting as explicitly stipulated by relevant laws, regulations and regulatory documents.

Six Directors, namely Si Zefu, Zhang Xiaolun, Wen Shugang, Huang Wei, Zhu Yuanchao and Zhang Jilie, being beneficiaries of the Scheme, abstained from voting on this proposal.

6. Considered and approved the proposal in relation to the convening of the 2012 first extraordinary general meeting.

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

Chengdu, Sichuan, the People's Republic of China
26 October 2012

As at the date of this announcement, the Directors were as follows:

<i>Directors:</i>	Si Zefu, Zhang Xiaolun, Wen Shugang, Huang Wei, Zhu Yuanchao and Zhang Jilie
<i>Independent non-executive Directors:</i>	Li Yanmeng, Zhao Chunjun and Peng Shaobing