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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Dongfang Electric Corporation Limited**, you should at once hand this circular to the purchaser(s) or transferee(s) or to the bank or stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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) 2021 WORK REPORT OF THE BOARD;**
  - (2) 2021 WORK REPORT OF THE SUPERVISORY COMMITTEE;**
  - (3) 2021 PROFIT DISTRIBUTION PLAN;**
  - (4) 2021 FINANCIAL STATEMENTS AND 2022 FINANCIAL BUDGET AND INVESTMENT PLAN;**
  - (5) APPOINTMENT OF AUDITOR FOR 2022;**
  - (6) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION, THE RULES OF PROCEDURE OF THE BOARD, THE WORKING RULES FOR INDEPENDENT DIRECTORS AND THE RULES OF PROCEDURE OF GENERAL MEETING;**
  - (7) REPURCHASE AND CANCELLATION OF CERTAIN RESTRICTED SHARES;**
  - (8) ELECTION OF SHAREHOLDER REPRESENTATIVE SUPERVISOR;**
  - (9) ELECTION OF NON-INDEPENDENT DIRECTORS;**
- AND**
- NOTICE OF THE 2021 ANNUAL GENERAL MEETING;**  
**NOTICE OF THE 2022 FIRST H SHARE CLASS MEETING**

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The AGM and the H Shares Class Meeting of the Company will be held at the conference room of the Company, 18 Xixin Road, High-Tech District (Western District), Chengdu City, Sichuan Province, the PRC on Wednesday, 29 June 2022 at 9:00 a.m.. The notices of the AGM and the H Shares Class Meeting are set out on pages 13 to 17 of this circular.

The proxy forms and reply slips for use in connection with the AGM and H Shares Class Meeting are enclosed herewith. The proxy forms and reply slips are also published on the website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website (<http://dfem.wsfg.hk/>).

Any Shareholder(s) entitled to attend and vote at the AGM and/or the H Shares Class Meeting 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 AGM or the H Shares Class Meeting and vote on your behalf, you are requested to complete the accompanying proxy forms in accordance with the instructions printed thereon and return them 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 AGM and the H Shares Class Meeting (i.e. before 9:00 a.m. on Tuesday, 28 June 2022). Completion and return of the proxy forms will not preclude you from attending and voting at the AGM and/or the H Shares Class Meeting or any adjournment thereof should you so wish.

9 June 2022

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## DEFINITIONS

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

“AGM”	the 2021 annual general meeting of the Company to be held at the conference room of the Company, 18 Xixin Road, High-Tech District (Western District), Chengdu City, Sichuan Province, the PRC on Wednesday, 29 June 2022 at 9:00 a.m.;
“A Shares”	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;
“Articles of Association”	the current articles of association of the Company;
“Board”	the board of the Directors of the Company;
“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 Stock Exchange and the Shanghai Stock Exchange, respectively;
“Director(s)”	directors of the Company;
“H Shares”	foreign-invested ordinary shares of the Company with a nominal value of RMB1.00 each, which are listed on the Main Board of the Stock Exchange and traded in Hong Kong dollars;
“H Shares Class Meeting”	the 2022 first H shares class meeting of the Company (or any adjournment thereof) to be held on Wednesday, 29 June 2022;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

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## DEFINITIONS

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“Incentive Scheme”	the Restricted A Share Incentive Scheme for 2019 of the Company;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;
“Participants”	directors, senior and middle management, and frontline leaders of the Company (including its branches and subsidiaries) who have been granted the Restricted Shares in accordance with the requirements of the Incentive Scheme;
“PRC” or “Mainland”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;
“Repurchase and Cancellation of Certain Restricted Shares” or “Repurchase and Cancellation”	the Board proposes to repurchase and cancel all the Restricted Shares totaling 193,333 A Shares that have been granted to the aforesaid four Participants yet still locked up in accordance with the requirements of the Incentive Scheme and relevant laws and regulations;
“Restricted Shares”	a certain number of A Shares granted to the Participants according to the conditions and price stipulated under the Incentive Scheme by the Company, which are subject to a lock-up period and can only be unlocked and circulated after the unlocking conditions under the Incentive Scheme are satisfied;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	holder(s) of Share(s);
“Shares”	the ordinary shares of the Company, including A Shares and H Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Supervisor(s)”	supervisor(s) of the Company;
“Supervisory Committee”	supervisory committee of the Company; and
“%”	per cent.

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LETTER FROM THE BOARD

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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)

***Directors:***

Mr. Yu Peigen (*Chairman*)

Mr. Xu Peng

Mr. Zhang Yanjun

***Registered Office:***

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. Ma Yongqiang

***Principal place of business in Hong Kong:***

40th Floor, Dah Sing Financial Centre

No. 248 Queen's Road East

Wanchai, Hong Kong

9 June 2022

*To the Shareholders*

Dear Sir or Madam,

- (1) 2021 WORK REPORT OF THE BOARD;  
(2) 2021 WORK REPORT OF THE SUPERVISORY COMMITTEE;  
(3) 2021 PROFIT DISTRIBUTION PLAN;  
(4) 2021 FINANCIAL STATEMENTS AND 2022 FINANCIAL BUDGET AND INVESTMENT PLAN;  
(5) APPOINTMENT OF AUDITOR FOR 2022;  
(6) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION, THE RULES OF PROCEDURE OF THE BOARD, THE WORKING RULES FOR INDEPENDENT DIRECTORS AND THE RULES OF PROCEDURE OF GENERAL MEETING;  
(7) REPURCHASE AND CANCELLATION OF CERTAIN RESTRICTED SHARES;  
(8) ELECTION OF SHAREHOLDER REPRESENTATIVE SUPERVISOR;  
(9) ELECTION OF NON-INDEPENDENT DIRECTORS;  
AND  
NOTICE OF THE 2021 ANNUAL GENERAL MEETING;  
NOTICE OF THE 2022 FIRST H SHARE CLASS MEETING

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## LETTER FROM THE BOARD

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### **I. INTRODUCTION**

The purpose of this circular is to provide you with all reasonably necessary information in relation to the notices of the AGM and the H Shares Class Meeting dated 28 May 2022 to enable you to make an informed decision as to the resolutions to be proposed at the AGM and the H Shares Class Meeting.

### **II. MATTERS TO BE DEALT WITH AT THE AGM AND H SHARES CLASS MEETING**

At the AGM, ordinary resolutions will be proposed to approve (i) the 2021 work report of the Board of the Company; (ii) the 2021 work report of the Supervisory Committee of the Company; (iii) the 2021 profit distribution plan of the Company; (iv) the 2021 audited financial statements and the 2022 financial budget and investment plan of the Company; (v) the appointment of the auditor of the Company for 2022; (vi) the adoption of the working rules for independent Directors; (vii) the election of Shareholder representative Supervisor; and special resolutions will be proposed to approve (viii) the repurchase and cancellation of certain Restricted Shares; (ix) the amendment to the Articles of Association of the Company; (x) the adoption of the Rules of Procedure of the Board; and (xi) the adoption of the Rules of Procedure of General Meeting. In addition, an ordinary resolution by cumulative voting will be proposed to approve (xii) the election of non-independent Directors.

The aforesaid resolution No. (viii) is subject to approval by way of special resolution at the AGM, the A Shares Class Meeting and the H Shares Class Meeting, respectively.

#### **ORDINARY RESOLUTIONS:**

##### **(i) TO CONSIDER THE 2021 WORK REPORT OF THE BOARD OF THE COMPANY**

The 2021 work report of the Board was considered and approved on 30 March 2022 by the Board, details of which are set out in the “Report of the Board of Directors ” of the 2021 annual report. The 2021 annual report of the Company was published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the Company’s website (<http://dfem.wsfg.hk/>).

##### **(ii) TO CONSIDER THE 2021 WORK REPORT OF THE SUPERVISORY COMMITTEE OF THE COMPANY**

The 2021 work report of the Supervisory Committee was considered and approved on 30 March 2022 by the Supervisory Committee, details of which are set out in the 2021 annual report. The 2021 annual report of the Company was published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the Company’s website (<http://dfem.wsfg.hk/>).

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## LETTER FROM THE BOARD

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**(iii) TO CONSIDER THE 2021 PROFIT DISTRIBUTION PLAN OF THE COMPANY**

As audited by Da Hua Certified Public Accountants (Special General Partnership), the Company recorded net profit attributable to owners of the parent of RMB2,289,036,817.45 for the year 2021.

The Company will distribute a cash dividend of RMB2.30 (tax inclusive) per 10 Shares on the basis of 3,119,001,130 Shares of its share capital as at the date of the publication of the 2021 annual report, totaling payment of a cash dividend of RMB717,370,259.90. The Company will not convert any capital reserve into share capital or make any bonus issue.

After the above 2021 profit distribution plan is approved at the AGM, the dividend will be paid around 28 July 2022 to the Shareholders whose names are listed on the register of members of the Company. Dividends payable to H shareholders of the Company will be paid in Hong Kong dollars. The amount payable in Hong Kong dollars will be calculated based on the average value of the central parity rates of RMB against Hong Kong dollar published by the People's Bank of China in a calendar week preceding the announcement of the payment of final dividend at the AGM.

The Company will separately publish an announcement containing the record date, book closure dates and distribution date for the dividend distribution to the Shareholders according to relevant laws and regulations, the Shanghai Stock Exchange Listing Rules, the Listing Rules and the Articles of Association once such dates are determined by the Company.

**(iv) TO CONSIDER THE 2021 AUDITED FINANCIAL STATEMENTS OF THE COMPANY AND 2022 FINANCIAL BUDGET AND INVESTMENT PLAN**

The details of the 2021 audited consolidated financial statements are set out in the 2021 annual report. The 2021 annual report of the Company was published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the Company's website (<http://dfem.wsfg.hk/>).

The 2022 financial budget and investment plan was considered and approved at the 8th meeting of the tenth session of the Board of the Company, and the details are set out in the Appendix I to this circular.

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## LETTER FROM THE BOARD

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**(v) TO CONSIDER THE APPOINTMENT OF THE AUDITOR OF THE COMPANY FOR 2022**

The appointment of Da Hua Certified Public Accountants (Special General Partnership) as the auditor of the Company for 2021 was approved at the 2020 annual general meeting of the Company. In 2021, Da Hua Certified Public Accountants (Special General Partnership) performed its duties in accordance with the professional standards and successfully completed the relevant audit work.

As recommended by the audit and review committee of the Company, the 12th meeting of the tenth session of the Board considered the re-appointment of Da Hua Certified Public Accountants (Special General Partnership) as the financial report auditor and internal control auditor of the Company for 2022 and submitted to the AGM for consideration and approval, and to authorise the Board of the Company to determine its remuneration.

**(vi) ADOPTION OF THE WORKING RULES FOR INDEPENDENT DIRECTORS**

Reference is made to the announcement of the Company dated 27 May 2022 in relation to, among other things, the proposed amendments to the working rules for independent Directors.

In order to further improve the corporate governance structure, the Board has considered and approved the proposed amendments to the working rules for the independent Directors of the Company in accordance with the relevant laws, regulations and regulatory requirements, taking into account the actual situation and working needs of the Company, and proposed to the Shareholders at the AGM to consider and approve the adoption of the Working Rules For Independent Directors, details of which are set out in Appendix II to this circular.

The Company is a company incorporated in the PRC and the Working Rules for Independent Directors are prepared in Chinese. The English translation is for reference only. In case of any discrepancy between the Chinese and the English versions, the Chinese version shall prevail.

**(vii) PROPOSED ELECTION OF SHAREHOLDER REPRESENTATIVE SUPERVISOR**

Reference is made to the announcement of the Company dated 27 May 2022 in relation to, among other things, the proposed election of Shareholder representative Supervisor. Mr. Zhang Ji Lie (“**Mr. Zhang**”) has tendered his resignation as a Supervisor and the chairman of the Supervisory Committee due to work arrangements. Mr. Zhang has confirmed that he has no disagreement with the Board and the Supervisory Committee and there is no other matter relating to his resignation that needs to be brought to the attention of the Shareholders.



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## LETTER FROM THE BOARD

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In accordance with the relevant provisions of the Company Law of the People's Republic of China and the Articles of Association, as the number of members of the Supervisory Committee falls below the quorum as a result of Mr. Zhang's resignation, Mr. Zhang will continue to perform his duties as a Supervisor until a new Supervisor is elected at the general meeting of the Company.

The Board has received a proposal from Dongfang Electric Corporation ("**Dongfang Electric Corporation**"), the controlling shareholder of the Company, to nominate Mr. Hu Weidong ("**Mr. Hu**") to be elected as a Shareholder representative Supervisor of the tenth session of the Supervisory Committee.

The Supervisory Committee has considered and approved the nomination of Mr. Hu as a candidate of Supervisor by Dongfang Electric Corporation.

The Board proposes to the Shareholders at the AGM to consider and approve the appointment of Mr. Hu as a Shareholder representative Supervisor. Upon the appointment of Mr. Hu as a Shareholder representative Supervisor at the AGM, Mr. Zhang will resign as a Supervisor at the AGM.

The term of office of Mr. Hu shall commence from the date of being elected as a Supervisor until the expiry of the term of the tenth session of the Supervisory Committee. Mr. Hu will not enter into any service contract with the Company in respect of his appointment as a Supervisor and will not receive any Supervisor's remuneration.

Biographical details of Mr. Hu are set out in Appendix III to this circular.

### **SPECIAL RESOLUTION:**

#### **(viii) TO CONSIDER THE REPURCHASE AND CANCELLATION OF CERTAIN RESTRICTED SHARES**

Reference is made to the announcement of the Company dated 29 April 2022 in relation to the repurchase and cancellation of certain Restricted Shares.

##### ***1. Reasons for Repurchase and the Number of Shares to be Repurchased***

Pursuant to the Incentive Scheme and the requirements of relevant laws and regulations, three Participants under the First Grant have retired and are no longer qualified as Participants; and a Participant has resigned due to personal reasons and is no longer qualified as a Participant. The Board has considered and decided to repurchase and cancel all the Restricted Shares totalling 193,333 A Shares that have been granted to the aforesaid four Participants yet still locked up.

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## LETTER FROM THE BOARD

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### 2. *Repurchase Price*

In accordance with the provisions of the Incentive Scheme, where a Participant retires upon reaching the retirement age stipulated by law, all Restricted Shares that are not satisfied with the Unlocking Conditions shall be repurchased and cancelled by the Company at the Grant Price plus the interests as calculated at the benchmark interest rate for deposits of the same period published by the People's Bank of China when repurchasing. Therefore, the repurchase price of the Restricted Shares of the three Participants under the First Grant who retired is RMB5.545 per Share plus interest of bank deposits of the same term; the repurchase price of the Restricted Shares of the one Participant who has resigned due to personal reasons is RMB5.545 per Share. The above repurchase price per Share shall be reduced by the amount of dividend per Share.

### 3. *Total Amount and Source of Funds for the Repurchase*

The amount of the repurchase price payable by the Company for the repurchase of the Restricted Shares is RMB1,072,031, all of which are from the Company's self-owned funds. Upon completion of the Repurchase and Cancellation, the number of Participants under the First Grant will be changed to 757.

### 4. *Changes in Share Structure upon the Repurchase and Cancellation*

Upon completion of the Repurchase and Cancellation, the total number of Shares of the Company will be changed from 3,119,001,130 Shares to 3,118,807,797 Shares, and the changes in share structure of the Company are set out as following:

Class of Shares	Before the Change		The Change (+/-)	After the Change	
	Number of shares	Proportion		Number of shares	Proportion
Shares subject to selling restrictions	773,018,530	24.78%	-193,333	772,825,197	24.78%
Shares not subject to selling restrictions	2,345,982,600	75.22%	0	2,345,982,600	75.22%
Total Shares	<u>3,119,001,130</u>	<u>100.00%</u>	<u>-193,333</u>	<u>3,118,807,797</u>	<u>100.00%</u>

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## LETTER FROM THE BOARD

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Upon completion of the Repurchase and Cancellation, there will be no changes in the controlling shareholder or de facto controller of the Company, and the shareholding structure of the Company will remain eligible for listing. Meanwhile, the Incentive Scheme will continue to be implemented pursuant to the requirements of the regulations.

**5. *Effects of the Repurchase and Cancellation of Certain Restricted Shares on the Company***

The Repurchase and Cancellation of Certain Restricted Shares will not have material effects on the Company's financial position and operating results, nor will it affect the due diligence of the management team of the Company, who will continue to perform their duties earnestly and create value for Shareholders.

**6. *Opinion of Independent Directors***

The independent Directors of the Company carefully reviewed relevant resolutions considered at the 11th meeting of the tenth session of the Board of the Company, and issued the following opinions:

in accordance with the Restricted A Share Incentive Scheme for 2019 (Draft Revision) ("**Incentive Scheme (Draft Revision)**") of the Company and the requirements of relevant laws and regulations, three Participants of the First Grant under the Restricted A Share Incentive Scheme for 2019 of the Company have retired and are no longer qualified as Participants; and one Participant has resigned due to personal reasons and is no longer qualified as a Participant. The Board considered and decided to repurchase and cancel all the Restricted Shares that have been granted to the aforesaid four Participants yet still locked, i.e., totaling 193,333 Shares. The Repurchase and Cancellation of Certain Restricted Shares are in accordance with relevant requirements of the Administrative Measures and the Incentive Scheme (Draft Revision) of the Company, and the procedures are legal and compliant. The Repurchase and Cancellation will affect neither the continuing implementation of the Incentive Scheme (Draft Revision) nor the going concern status of the Company, nor will it prejudice the interests of the Company and Shareholders.

**7. *Opinions of the Supervisory Committee***

The Supervisory Committee is of the view that the Repurchase and Cancellation of Certain Restricted Shares of four Participants involved in are in accordance with the Administrative Measures on Share Incentives of Listed Companies (上市公司股權激勵管理辦法) and as well as the relevant requirements of the Restricted A Share

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## LETTER FROM THE BOARD

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Incentive Scheme for 2019 (Draft Revision) (“**Incentive Scheme (Draft Revision)**”) of the Company, and in line with the interests of all Shareholders and Participants of the Company. The review procedures of the Board for the Repurchase and Cancellation of the Restricted Shares are in accordance with the relevant regulations and are legal and effective. The funds for the share repurchase of the Company are its own funds, which will not have a substantial impact on the financial position and operating results of the Company, will not affect the diligence of management team and core staff of the Company, and will not prejudice the interests of the Company and its Shareholders as a whole. In summary, the Supervisory Committee agreed to the Repurchase and Cancellation of Certain Restricted Shares.

### **8. *Summary of the Legal Opinion***

Beijing King & Wood Mallesons (Chengdu) Law Office is of the opinion that as at the date of the issuance of the legal opinion, the Company has obtained the necessary approvals and authorization for the Repurchase and Cancellation at the current stage; the reasons, number and price of the Repurchase and Cancellation comply with relevant provisions of the Administrative Measures, the Trial Measures and the Incentive Scheme (Draft Revision); the Repurchase and Cancellation is subject to consideration at the general meeting of the Company; the Company will perform information disclosure and handle the procedures for registered capital reduction and shares cancellation registration in accordance with the Company Law and other relevant laws and regulations regarding the Repurchase and Cancellation.

### **9. *Review Opinions of the Independent Financial Adviser***

Shanghai Realize Investment Consulting Co., Ltd., is of the opinion that as at the date of the issuance of the report, necessary approvals and authorization for the Repurchase and Cancellation of the Restricted Shares of Dongfang Electric have been obtained, and relevant provisions of the Administrative Measures, the Trial Measures, the Notice, the Working Guidelines as well as the Incentive Scheme (Draft Revision) have been complied with; the Company still has to carry out relevant information disclosure within the prescribed period and handle relevant subsequent formalities with the Shanghai Stock Exchange and China Securities Depository & Clearing Corp. Ltd., Shanghai Branch for the Repurchase and Cancellation pursuant to relevant provisions of the Administrative Measures and the Incentive Scheme (Draft Revision).

The Board proposes to the AGM, the A Shares Class Meeting and the H Shares Class Meeting to approve the resolution on the Repurchase and Cancellation of Certain Restricted Shares.

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## LETTER FROM THE BOARD

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### **(ix) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Reference is made to the announcement of the Company dated 30 March 2022 in relation to the proposed amendments to the Articles of Association.

At the meeting of the Board held on 30 March 2022, the Board approved the proposed amendments to the Articles of Association in accordance with the requirements under relevant laws and regulations and the actual situation of the Company.

Details of the proposed amendments to the Articles of Association are set out in Appendix IV to this circular. The Company is a company incorporated in the PRC and the Articles of Association is prepared in Chinese. The English translation is for reference only. In case of any discrepancy between the Chinese and the English versions, the Chinese version shall prevail.

### **(x) ADOPTION OF THE RULES OF PROCEDURE OF THE BOARD**

Reference is made to the announcement of the Company dated 27 May 2022 in relation to, among other things, the proposed amendments to the Rules of Procedure of the Board.

In order to further improve the corporate governance structure, optimise the operation mechanism and procedures of the Board and enhance the effective operation of the meetings of the Board, the Rules of Procedure of the Board of the Company were amended in accordance with the latest laws and regulations, taking into account the actual situation and working needs of the Company.

The proposed adoption of the revised Rules of Procedure of the Board is set out in Appendix V to this circular. The Company is a company incorporated in the PRC and the Rules of Procedure of the Board are prepared in Chinese. The English translation is for reference only. In case of any discrepancy between the Chinese and the English versions, the Chinese version shall prevail.

### **(xi) ADOPTION OF THE RULES OF PROCEDURE OF GENERAL MEETINGS**

Reference is made to the announcement of the Company dated 27 May 2022 in relation to, among other things, the proposed amendments to the Rules of Procedure of the General Meetings.

In order to further improve the corporate governance structure and optimise the operation mechanism and procedures of the general meetings, the Rules of Procedure of the General Meeting of the Company were amended in accordance with the latest laws and regulations, taking into account the actual situation and working needs of the Company.

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## LETTER FROM THE BOARD

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The proposed adoption of the revised Rules of Procedure of the General Meetings is set out in Appendix VI to this circular. The Company is a company incorporated in the PRC and the Rules of Procedure of General Meeting are prepared in Chinese. The English translation is for reference only. In case of any discrepancy between the Chinese and the English versions, the Chinese version shall prevail.

### **ORDINARY RESOLUTION BY CUMULATIVE VOTING:**

#### **(xii) ELECTION OF NON-INDEPENDENT DIRECTORS**

Reference is made to the announcement of the Company dated 27 May 2022 in relation to, among other things, the proposed election of non-independent Directors.

The Board has received the proposal from Dongfang Electric Corporation to nominate Mr. Liu Zhiquan (“**Mr. Liu**”) and Mr. Zhang as non-independent Directors of the Company. Having considered the advice of the nomination committee of the Company, the Board has considered and approved the nomination of Mr. Liu and Mr. Zhang as candidates for non-independent Directors of the tenth session of the Board. It will be proposed at the AGM for the Shareholders to approve their appointments.

If the appointment of Mr. Liu and Mr. Zhang as Directors of the Company is approved, their term of office will commence from the date of the AGM until the expiry of the term of the tenth session of the Board. Mr. Liu and Mr. Zhang have not entered into any service contracts with the Company which are not determinable by the Company within one year without payment of compensation (other than statutory compensation).

The remuneration of Mr. Liu and Mr. Zhang shall comprise of three parts, i.e., basic annual salary, annual performance-based remuneration and tenure incentive income. The relevant detailed assessment and appraisal and the salary income shall be implemented according to the relevant regulations of the state. The proposal for the remuneration of the Directors of the Company is subject to consideration and approval at general meeting. The details of the remuneration of the Directors will be disclosed in the annual reports of the Company.

Biographical details of Mr. Liu and Mr. Zhang are set out in the appendix III to this circular.

### **III. AGM AND H SHARES CLASS MEETING**

The AGM and H Shares Class Meeting 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 Wednesday, 29 June 2022.

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## LETTER FROM THE BOARD

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Any Shareholder(s) entitled to attend and vote at the AGM and/or H Shares Class Meeting 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 AGM or H Shares Class Meeting 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 AGM and H Shares Class Meeting. Completion and return of the proxy form will not preclude you from attending and voting at the AGM and/or H Shares Class Meeting or any adjournment thereof should you so wish.

### IV. CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining the Shareholders who are entitled to attend and vote at the AGM or H Shares Class Meeting, the register of members of the Company will be closed from Friday, 24 June 2022 to Wednesday, 29 June 2022, both dates inclusive, during which period no transfers of Shares will be effected. In order to qualify to attend and vote at the AGM or H Shares Class Meeting, all transfer instruments accompanied by the relevant share certificates must be lodged by holders of H Shares with the Company's 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, 23 June 2022.

### V. VOTING

Pursuant to Rule 13.39(4) of the 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 AGM and H Shares Class Meeting shall therefore demand voting on all resolutions set out in the notice of the AGM and H Shares Class Meeting 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 name in the register of members of the Company pursuant to Article 94 of the Articles of Association. A Shareholder entitled to two votes or more than two votes (including the proxy) needs not cast all the votes he used in the same manner when voting pursuant to Article 98 of the Articles of Association.

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## LETTER FROM THE BOARD

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The aforesaid resolutions No. (i) to No. (vii) are ordinary resolutions to be passed by the affirmative votes representing at least one half of the total number of Shares held by the attending Shareholders having voting rights; resolutions No. (viii) to No. (xii) are special resolutions to be passed by the affirmative votes representing at least two-thirds of the total number of Shares held by the attending Shareholders having voting rights.

Among which, resolution No. (viii) will adopt the method of cumulative poll, the voting rights that each Share held by the Shareholders shall equal the number of the proposed Directors to be elected and Shareholders may apply all his entitled voting rights together. In particular, during the election of non-independent Directors, the number of votes for each Shareholder shall be the number of Shares held by him multiplied by the total number of the non-independent Directors to be elected whom he can vote, such votes could only be voted for the candidates of the non-independent Directors of the Company, and the candidates who got the most votes shall be elected.

### VI. RECOMMENDATION

The Directors are of the view that all the proposed resolutions at the AGM and H Shares Class Meeting are fair and reasonable and in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the AGM and H Shares Class Meeting.

Yours faithfully,

By Order of the Board

**Dongfang Electric Corporation Limited**

**Yu Peigen**

*Chairman*



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## NOTICE OF THE 2021 ANNUAL GENERAL MEETING

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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)

### NOTICE OF 2021 ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 2021 annual general meeting (the “AGM”) 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 at 9:00 a.m. on Wednesday, 29 June 2022 for the purpose of considering and, if thought fit, passing the following resolutions:

#### ORDINARY RESOLUTIONS

1. To consider and approve the resolution on the 2021 work report of the Board of the Company.
2. To consider and approve the resolution on the 2021 work report of the Supervisory Committee of the Company.
3. To consider and approve the resolution on the 2021 profit distribution plan of the Company.
4. To consider and approve the resolution on the 2021 audited financial statements and the 2022 financial budget and investment plan of the Company.
5. To consider and approve the resolution on the appointment of the auditor of the Company for 2022.
6. To consider and approve the resolution on the amendment to the Work Rules for Independent Directors.
7. The resolution on the election of Hu Weidong as a member of the tenth session of the Supervisory Committee of the Company.

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## NOTICE OF THE 2021 ANNUAL GENERAL MEETING

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### SPECIAL RESOLUTIONS

8. To consider and approve the resolution on the Repurchase and Cancellation of Certain Restricted Shares.
9. To consider and approve the resolution on the amendment to the Articles of Association of the Company.
10. To consider and approve the resolution on the amendment to the Rules of Procedure of the Board.
11. To consider and approve the resolution on the amendment to the Rules of Procedure of General Meeting.

### ORDINARY RESOLUTION

12. Resolution on election of Directors
  - 12.1 To elect Liu Zhiquan as a member of the tenth session of the Board of the Company;
  - 12.2 To elect Zhang Jilie as a member of the tenth session of the Board of the Company.

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

Chengdu, Sichuan, the PRC  
28 May 2022

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

*Directors:* *Yu Peigen, Xu Peng and Zhang Yanjun*

*Independent Non-executive Directors:* *Liu Dengqing, Huang Feng and Ma Yongqiang*

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## NOTICE OF THE 2021 ANNUAL GENERAL MEETING

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*Notes:*

1. In order to determine the entitlement to attend and vote at the AGM, Holders of the Company's H Shares should note that the register of members of the Company will be closed from Friday, 24 June 2022 to Wednesday, 29 June 2022 (both dates inclusive) during which period no transfers 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, 23 June 2022. Holders of the Company's H Shares who intend to attend the AGM should deliver the completed and signed reply slip for attending at the AGM, by hand, by post (postal code: 611731) or by facsimile (fax number: (86)28 87583551), 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 Tuesday, 28 June 2022. The record date and arrangements in respect of the holders of A Shares who are entitled to attend the AGM 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 AGM is entitled to appoint a proxy or more proxies (who need not be a shareholder of the Company) to attend the AGM and vote thereat in his/her 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 AGM shall put it in writing, to be signed by the appointer or his/her attorney duly authorized in writing. If any appointer 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 appointer, 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 AGM. Completion and return of the proxy form will not affect the rights of the shareholders of the Company to attend and vote at the AGM in person.
4. Proxies of holders of H Shares shall bring along the instrument(s) for appointing a proxy (if applicable) and the proxies' identity cards or passports to attend the AGM.
5. Directors, supervisors and senior management of the Company and the witnessing lawyers and other relevant staff members employed by the Company will attend the AGM.
6. The AGM will last for not more than one day. Shareholders and proxies attending the AGM of the Company should be responsible for their own accommodation, travelling and other relevant expenses.
7. 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 87583666

Fax: (86) 28 87583551

Email address: dsb@dongfang.com

Postal code: 611731

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## NOTICE OF THE 2022 FIRST H SHARES CLASS MEETING

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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)

### NOTICE OF THE 2022 FIRST H SHARES CLASS MEETING

**NOTICE IS HEREBY GIVEN** that the 2022 First H Shares Class Meeting (“**H Shares Class Meeting**”) 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 Wednesday, 29 June 2022 immediately after the A Shares Class Meeting of the Company to be convened and held on the same date and at the same place for the purpose of considering and, if thought fit, passing the following special resolution:

#### **SPECIAL RESOLUTION**

1. To consider and approve the resolution on the Repurchase and Cancellation of Certain Restricted Shares.

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

Chengdu, Sichuan Province, the PRC  
28 May 2022

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

*Directors:* Yu Peigen, Xu Peng and Zhang Yanjun

*Independent Non-executive Directors:* Liu Dengqing, Huang Feng and Ma Yongqiang

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## NOTICE OF THE 2022 FIRST H SHARES CLASS MEETING

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*Notes:*

1. All holders of the Company's H Shares whose names appear on the register of members of the Company on Friday, 24 June 2022 are entitled to attend the H Shares Class Meeting and should bring along their identity cards or passports when attending the H Shares Class Meeting. Holders of the Company's H Shares should note that the register of members of the Company will be closed from Friday, 24 June 2022 to Wednesday, 29 June 2022 (both dates inclusive) during which period no transfers 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, 23 June 2022. Holders of H Shares who intend to attend the H Shares Class Meeting should deliver the completed and signed reply slip for attending at the H Shares Class Meeting (with the pages showing the names of such shareholders), by hand, by post (postal code: 611731) or by facsimile (fax number: (86)28 87583551), 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 Tuesday, 28 June 2022.
2. Any shareholder of the Company entitled to attend and vote at the H Shares Class Meeting is entitled to appoint a proxy or more proxies (who need not be a shareholder of the Company) to attend the H Shares Class Meeting and vote thereat in his/her 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 H Shares Class Meeting shall put it in writing, to be signed by the appointer or his/her attorney duly authorized in writing. If any appointer 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 appointer, 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 H Shares Class Meeting. Completion and return of the proxy form will not affect the rights of the shareholders of the Company to attend and vote at the H Shares Class Meeting in person.
4. Proxies of shareholders shall bring along instrument(s) for appointing a proxy (if applicable) and the proxies' identity cards or passports to attend the H Shares Class Meeting.
5. Directors, supervisors and senior management of the Company and the witnessing lawyers and other relevant staff members employed by the Company will attend the H Shares Class Meeting.
6. The H Shares Class Meeting will last for not more than one day. Shareholders and proxies attending the H Shares Class Meeting of the Company should be responsible for their own accommodation, travelling and other relevant expenses.
7. 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 87583666

Fax: (86) 28 87583551

Email address: dsb@dongfang.com

Postal code: 611731

The 2022 budget and investment plan of Dongfang Electric Corporation Limited

## **I. BASIS OF PREPARATION FOR BUDGET**

The 2022 budget was prepared after taking a full consideration of the domestic and foreign macro-economic and industrial environment faced by the Company's business development, as well as the resource allocation needs generated by the business. On the basis of reasonable forecast of business development, the challenging budget management objectives were formulated in line with the practical situation.

## **II. MAJOR BUDGET ARRANGEMENT**

1. The production of power generation equipment will reach 35.00 million kilowatts.
2. The operating revenue will maintain steady growth with continuous increase in total profit.
3. The return on net assets will exceed 6%.
4. The investment plan will be RMB4,100 million.

## **III. WORKING INITIATIVES**

### **(I) promotion of green transformation and digital transformation**

The Company will scientifically promote the “dual carbon” work to improve the supply capacity of comprehensive solutions and accelerate the further optimization of the industrial landscape of “combination of six powers and synergy in five industries”. We organized and implemented clean process transformation to reduce resource consumption and environmental impact in the production process, and continued to promote the construction of green workshops. The Company will take intelligent manufacturing as the main direction to orderly promote various tasks of digital transformation, promote business reform with digital technology.

### **(II) Improvement of operation quality**

The Company will hold firm to focus on the specific tasks such as “Receivables and Inventories” reduction by strengthening operational control and fully using of methods and tools such as lean management, deeply implementing special actions to identify potential areas and enhance efficiency, so as to consolidate and improve operational quality and continue to promote the synergy growth of efficiency and scale.

**(III) Enhancement of technological innovation**

The Company will further strengthen open and collaborative innovation by continuing to strengthen the investment and precision of R&D funds as well as accelerating the breakthrough of key core technologies. We will further improve the system and mechanism of scientific and technological innovation. We also further promote the implementation of the mechanism of “appreciation of competent person” for major projects and further strengthen the construction of innovation platforms and actively participated in the construction of national-level innovation bases such as the restructuring of national key laboratories.

**(IV) Reinforcement of market expansion**

The Company will actively respond to and implement the national policies on pumped storage, transformation and upgrading of coal power generating units, vigorously promote the continuous innovation of new energy equipment, new business models and new business forms. We will pay close attention to the development of key markets, further strengthen the acquisition of resources, and actively establish the strategic cooperation relations with the foreign countries. We will continue to improve the performance ability by paying close attention to project delivery, thus to strive for more market orders with good project execution.

**(V) Advancement of management improvement**

The Company will focus on solving the long-term and recurring management issues, continuously improve the ability to detect anomalies and rectify errors in timely manner to further increase the effectiveness of management. The Company shall make solid progress in the rectification of procurement bidding standards and the improvement of supply chain management. The Company will further promote the world-class management improvement action via comprehensively consolidating the management foundation, and making concerted efforts to accelerate the construction of a world-class enterprise.

**(VI) Focus on risk prevention and control**

We will optimize the risk identification and control mechanism, gradually promote the informatization of risk management. The Company will strengthen the rectification of the source of environmental protection and resolve major environmental protection risks. The Company will adhere to internal and external quality management benchmarking, strengthen supplier management, and strictly prevent material and batch quality risks. By combining with the effective management and control of the risks of the pandemic and solid barrier for pandemic prevention and control.

## **DONGFANG ELECTRIC CORPORATION LIMITED WORKING RULES FOR INDEPENDENT DIRECTORS**

### **1 General Provisions**

- 1.1 In order to perfect the corporate governance structure of Dongfang Electric Corporation Limited (the “Company”), facilitate the standardised operation of the Company, protect the interests of the Company as a whole, and safeguard the legitimate rights and interests of shareholders as a whole, especially for the minority shareholders, from damage, these Articles are formulated in accordance with the Company Law, the Code of Corporate Governance for Listed Companies, the Rules for Independent Directors of Listed Companies, the Guidelines No. 1 for the Self-regulation of Listed Companies on the Shanghai Stock Exchange – Standardised Operation and other relevant laws, regulations and the Articles of Association, taking into account the actual circumstances.
- 1.2 Independent directors refer to directors who do not hold any position in the Company other than a directorship, and have no relationship with the Company and its substantial shareholders that may hinder such directors’ ability to make independent and objective judgments.
- 1.3 These Articles are prepared by the office of the board of directors and are responsible for interpretation, and shall take effect upon approval by the general meeting.

### **2 Qualification of Independent Directors**

- 2.1 Acting as an independent director shall meet the following basic conditions:
- 2.1.1 Having the qualifications as director of listed companies in accordance with the laws, administrative regulations and other relevant provisions;
- 2.1.2 Having the independence as required by laws, regulations and normative documents;
- 2.1.3 Having the basic knowledge on the operation of listed companies, knowing well relevant laws, administrative regulations, rules and regulations;
- 2.1.4 Having more than five years of legal, economic or other work experience required by the execution of duties of independent directors;
- 2.1.5 Other conditions required by the laws, regulations and the Articles of Association.
- 2.2 The board of directors of the Company shall comprise at least one-third of independent directors, including at least one accounting professional. If the candidate to be nominated as an independent director as an accounting professional, he/she shall have rich accounting expertise and at least meet one of the following conditions: a certified public accountant; a senior professional title of accounting, auditing or financial management, an associate professor or above or a doctoral degree; a senior professional title of economic management, and more than 5 years of full-time working experience in accounting, auditing or financial management.



- 2.3 Independent directors and persons proposed to serve as independent directors, shall take training courses in accordance with the provisions that are organized by the CSRC and its authorized agencies.
- 2.4 Independent directors shall be independent and shall perform their duties independently, without being influenced by the Company's substantial shareholders, de facto controllers, or any other units or individuals who have an interest in their relationship with the Company, and meet the following requirements:
- 2.4.1 In principle, an independent director can take his/her role as independent director in up to five listed companies concurrently, and shall ensure their effective performance of duties as independent directors with sufficient time and efforts devoted.
- 2.4.2 Independent directors shall not concurrently hold any position in the listed company other than that of a member of a special committee under the board of directors.
- 2.4.3 The following persons shall not serve as independent directors:
- 2.4.3.1 Those who are employed by the Company or its subsidiaries, and direct relatives and major social relationships thereof (direct relatives shall refer to spouses, parents, and children; and major social relationships shall include siblings, fathers-in-law and mothers-in-law, daughters-in-law and sons-in-law, brothers-in-law and sisters-in-law, and the siblings of the spouses); "hold positions" means acting as directors, supervisors, members of senior management and other staff members;
- 2.4.3.2 Those who hold directly or indirectly 1% or above of the Company's issued shares, or those who are natural shareholders amongst the top ten shareholders of the Company or their direct relations;
- 2.4.3.3 Those who are employed by a shareholder entity which holds directly or indirectly 5% or above of the Company's issued shares, or those who are employed by the top five shareholder entities or their direct relations;
- 2.4.3.4 The person that serves in the de facto controller of the listed companies and their subsidiaries;
- 2.4.3.5 The person providing financial, legal or consulting services for the Company or its subsidiaries;
- 2.4.3.6 The person serving as directors, supervisors or senior management in the entities that have material business transactions with the Company, its controlling shareholders or their respective subsidiaries or the persons serving as directors, supervisors or senior management in the controlling shareholder entities of the entities that have material business transactions;
- 2.4.3.7 Those who belong to any of the six abovementioned categories within the past 12 months;
- 2.4.3.8 Others persons as stipulated by laws, administrative regulations, departmental rules;
- 2.4.3.9 Others persons as stipulated by the Articles of Association;

2.4.3.10 Others persons as prescribed by the CSRC and the Shanghai Stock Exchange;

**3 Nomination, Election and Replacement of Independent Directors**

3.1 The board of directors, the supervisory committee, and shareholders who individually or collectively hold 1% or more of the issued shares of the Company may propose candidates for independent directorship and have them elected by the shareholders' general meetings.

3.2 The nominator of an independent director shall obtain the consent of the nominee prior to nomination. The nominator shall fully understand the nominee's occupation, education, title, detailed work experience, all part-time positions, etc., and express his/her opinion on his/her qualifications and independence to serve as an independent director. The nominee shall make a public statement regarding the absence of any relationship between himself/herself and the Company that would affect his/her independent and objective judgment.

Prior to the shareholders' general meeting for the election of independent directors, the board of directors of the Company shall announce the above in accordance with the regulations. If the board of directors of the listed companies dispute the particulars pertaining to the nominees, its written opinions shall also be submitted.

3.3 The term of office of independent directors shall be the same as that of other directors, and upon expiration of the term of office, they may be re-elected for consecutive terms, provided that such terms shall not exceed six years.

3.4 An independent director who fails to attend three consecutive board meetings in person shall be removed by the board of directors at a shareholders' general meeting. The Company may terminate the employment of such independent director in accordance with legal procedures before expiration of his/her term of office. If an independent director is dismissed before the term of his or her office expires, the Company shall disclose the dismissal as a special disclosure matter.

3.5 An independent director may resign before the expiration of his or her term of office. An independent director with an explanation on any circumstances relating to his or her resignation or what such independent director considers to be necessary to draw to the attention of the Company's shareholders and creditors. If the resignation of an independent director causes the proportion of independent directors in the board of directors of the Company to fall below the minimum requirements stipulated in the Articles of Association or there are no accounting professionals among independent directors, the resignation report of this independent director shall be effective only after the succeeding independent director has filled his vacancy.

3.6 Where an independent director is unqualified for being independent or other circumstances arise making him/her unqualified for performing duties, resulting in the number of independent directors of the Company falling below the number required by Article 1.3 of these Articles, the Company shall add additional independent directors to fill up the quorum as required by applicable regulations.

**4 Powers and Duties of Independent Directors**

- 4.1 Independent directors shall have the obligation of fidelity and diligence to the Company and all the shareholders. Independent directors shall seriously perform their duties in accordance with the requirements of relevant laws, regulations and the Articles of Association in order to protect the overall interests of the Company, particularly without prejudice to the legitimate rights and interests of minority shareholders.
- 4.2 Independent directors shall have the following special powers in addition to those granted to directors by the Company Law and other relevant laws, regulations and the Articles of Association:
- 4.2.1 Significant connected transaction shall be submitted to the board of directors for discussion after the independent directors propose their prior approval opinions. Before the independent directors make judgment, an intermediary agency can be engaged to produce a report of independent financial advisor, which will serve as the basis for the independent directors' judgment;
- 4.2.2 Make proposals to the board of directors for the appointment or dismissal of accounting firms;
- 4.2.3 Make proposals to the board of directors for holding an extraordinary general meeting;
- 4.2.4 Make proposals to hold board meetings;
- 4.2.5 Publicly solicit shareholders' voting rights before the holding of a shareholders' general meeting, but no collection of the shareholders' voting rights publicly with consideration or de facto consideration;
- 4.2.6 Appoint an external auditor or consultancy firms independently for auditing or consultation on issues regarding specific issues in the Company
- 4.2.7 Independent directors shall seek the consent of more than half of all the independent directors before exercising the powers under Articles 4.2.1 to 4.2.5 above and shall seek the consent of all the independent directors before exercising the power under Article 4.2.6. Articles 4.2.1 and 4.2.2 shall be submitted to the board of directors for discussion after the approval of more than half of the independent directors. If the above proposals are not accepted or the above powers cannot be performed normally, the Company should disclose the related details.
- 4.3 The board of directors of the Company sets up the remuneration and assessment committee, the audit and review committee, the nomination committee. Independent directors shall form more than half of the members of the aforesaid committees and act as conveners.

4.4 In addition to performing the above duties, the independent directors shall give independent opinions to the board of directors or shareholders' general meetings in respect of the following matters:

- (1) the nomination, appointment and dismissal of a director;
- (2) the employment or dismissal of a senior management staff;
- (3) the remunerations of the directors and senior management staff of the Company;
- (4) current or new borrowings from or other capital transactions with the Company with a total amount of over RMB3,000,000 or over 5% of the Company's latest audited net asset value by the Company's shareholders, de facto controller or their affiliates, and whether the Company is taking effective measures in collecting arrears;
- (5) changes in accounting policies and accounting estimates or correction of significant accounting errors resulting from reasons other than changes in accounting standards;
- (6) production of non-standard unqualified audit opinions by an accounting firm on the financial reports of the Company and internal control;
- (7) appraisal report on internal control;
- (8) the proposal that connected parties undertaking to the changes;
- (9) the impacts of issuing preference shares on the equities of shareholders of the Company in each class;
- (10) formulating profit distribution policies, profit distribution plans and cash dividend plans;
- (11) material matters that require disclosure such as connected transactions, provision of guarantees (excluding guarantees provided for subsidiaries consolidated in the statements), entrusted financial management, provision of financial assistance, use of proceeds, investment in stocks and their derivatives, etc.;
- (12) material assets reorganization proposal, acquisition of management, share incentive scheme, employee share ownership plan, share repurchase plan, the scheme of repaying debts with non-cash assets by the connected parties of listed companies;
- (13) the Company proposes that its shares will no longer be transacted on the Stock Exchange;
- (14) matters that may jeopardize the interests of minority shareholders in the opinion of independent directors;
- (15) other matters required by laws, regulations and the Articles of Association.

Independent directors shall give one of the following opinions in respect of the aforesaid matters: consent; qualified opinion and the reasons therefor; objection and the reasons therefor; disclaimer of opinion and the obstacles therefor. If the matters are disclosable, the Company shall also make public announcement on the independent directors' opinion. Where there are dissenting opinions among the independent directors, the board of directors shall disclose all independent directors' opinion separately.

4.5 Independent directors must submit and disclose the working report to the annual general meeting of the Company to state the performance of their duties. The working report shall include:

- (1) the method of attending the board meetings, the number of board meetings attended, the voting at the board meetings for the year, and the number of shareholders' general meetings at which they are in attendance;
- (2) independent opinions;
- (3) on-site inspections;
- (4) proposals to convene a board meeting, engage or dismiss an accounting firm, independently engage an external auditor and advisor, etc.;
- (5) other work carried out to protect the legitimate rights and interests of minority shareholders.

4.6 Independent directors shall perform their duties and obligations diligently and conscientiously in the preparation and disclosure of the Company's annual report in accordance with the relevant provisions of securities regulatory authorities and stock exchanges as well as the rules and regulations of the Company (please refer to the attached "Work Procedures for the Annual Report of Independent Directors" for details).

## **5 Guarantee of Duty Performance**

5.1 The Company shall ensure that the independent directors have the same rights of access to information as that of the other directors. For any matter that are subject to decision by the board of directors, the Company shall inform the independent directors in advance within the prescribed period of time and provide sufficient information. Independent directors who consider such information as insufficient may request for supplements. When two or more than two of the independent directors consider the information as inadequate or the proof as unclear, they can jointly submit a written suggestion to postpone the board meeting or postpone the discussion of the concerned issues at the meeting, and the board of directors should accept this suggestion.

5.2 Any information provided by the Company to the independent directors should be kept by both parties for at least five years.

5.3 The Company shall provide the independent directors with the working conditions they need to perform their duties.

- 5.3.1 The secretary of the board of directors of the Company shall actively assist the independent directors in performing their duties, such as describing the situation, providing materials, regularly reporting the operation status of the Company, and organising the independent directors to visit the Company on the spot if necessary. Where the independent opinions, proposals and written explanations issued by the independent directors should be announced, the secretary of the board of directors shall handle the announcement issues in a timely manner.
- 5.3.2 When independent directors perform their duties, related staff of the Company should actively co-operate. They must not object, obstruct or conceal information, and must not interfere with the directors' independent performance.
- 5.3.3 Fees incurred in engaging intermediaries by independent directors or in performing independent directors' duties shall be covered by the Company.
- 5.3.4 The Company shall grant the appropriate allowance to the independent directors. The standard of the allowance shall be proposed by the board of directors, approved by the shareholders' general meeting, and disclosed in the Company's annual report. In addition to the said allowances, independent directors shall not receive any other additional and undisclosed benefits from the Company, its substantial shareholders or stakeholders, whether entities or individuals.
- 5.4 The Company may establish independent director liability insurance system when necessary to reduce the risk that may be incurred during the normal course of performing duties by the independent directors.

## **6 Supplementary Provision**

- 6.1 Matters not covered herein shall be implemented in accordance with relevant laws, regulations, regulatory documents and the Articles of Association.
- 6.2 In case of any conflict between these Articles and any future laws and regulations, regulatory documents or the Articles of Association as amended by legal procedures, the relevant laws and regulations, regulatory documents and the Articles of Association shall prevail.

## **ANNEX WORK PROCEDURES FOR THE ANNUAL REPORT OF INDEPENDENT DIRECTORS**

## ANNEX

**WORKING PROCEDURES FOR THE ANNUAL REPORT OF  
INDEPENDENT DIRECTORS**

- 1 In order to improve the governance mechanism of Dongfang Electric Corporation Limited (hereinafter referred to as the Company), enhance the level of internal control, improve the quality of information disclosure, and give full play to the role of independent directors, these provisions have been formulated in accordance with relevant laws and regulations, the Articles of Association, the information disclosure management system and other relevant regulations, taking into consideration the actual situation.
- 2 Within 30 days after the end of each financial year, the management of the Company shall fully report to the independent directors on the operation of the Company for the year and the progress of major events. At the same time, at the request of the independent directors, the Company shall arrange the independent directors to conduct on-site inspection on significant matters.  
  
The above matters shall be recorded in writing, and the necessary documents shall be under the signature of the relevant parties.
- 3 The financial controller of the Company shall submit in writing to each independent director the audit work arrangement and other relevant materials for the current year before the commencement of the annual audit by the auditors.
- 4 Regarding the issues identified in the audit of the annual reports, the Company may arrange a meeting between the independent directors and the auditors of the annual audit after the auditors of the annual audit issue preliminary audit opinion and before a board meeting is convened to consider the annual reports. Independent directors shall perform the duty of meeting and communicate with the management of the Company on the issues identified during the communication and seek solutions. The meeting shall be recorded in writing and the relevant parties shall sign on the written record.
- 5 Independent directors shall make special explanations and express independent opinions on material matters such as external guarantees of the Company during the reporting period in the annual reports of the Company.
- 6 If the Company makes changes to accounting policies, accounting estimates or corrections to significant accounting errors due to reasons other than the implementation of the Company's applicable accounting standards, the independent directors shall express independent opinions.
- 7 Independent directors shall express their independent opinions in writing on the annual reports of the Company.

If the independent directors cannot guarantee or disagree with the truthfulness, accuracy and completeness of the contents of the annual reports, they shall state the reasons, express their opinions and disclose the same.

8 During the preparation of the annual reports, the independent directors are obliged to keep confidential. Prior to the publication of the annual reports, the independent directors shall not disclose the content of the annual reports to non-informed persons in any form and by any means.

9 The secretary to the board of directors is responsible for coordinating the communication between the independent directors and the management of the Company, and working with relevant functional departments of the Company to actively create necessary conditions for the independent directors to perform their duties in the preparation of the annual reports.



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### **Appendix III      Biographical Details of the Nominated Candidates for Shareholder Representative Supervisor and Non-independent Directors**

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Biographical Details of Mr. Hu as the Nominated Candidate for Shareholder Representative Supervisor of the Tenth Session are as follows:

#### **Mr. Hu Weidong**

Born in September 1968, graduated from the Heat Power Engineering Department of Chongqing University, majoring in thermal power engineering. He is a senior engineer. He started his career at the Complete Design Institute of Dongfang Electric Corporation (中國東方電氣集團公司成套設計研究所) in April 1993, and successively served as the deputy director and director of the Maintenance Room and chief design engineer of the Complete Design Institute of Dongfang Electric Corporation (中國東方電氣集團公司成套設計研究所); he has served as the assistant to the head of marketing department and the director of project office of Dongfang Electric Corporation (中國東方電氣集團公司) since December 1995; has successively served as the manager of electromechanical business department and the deputy general manager of Sichuan (DEC) Electric Equipment United Company (四川東方電力設備聯合公司) since February 2000; has served as the deputy general manager of DEC International Cooperation Limited (東方電氣集團國際合作有限公司) since October 2009; has served as the secretary of the Party committee, an executive director and the general manager of DEC Investment Management Co., Ltd. (東方電氣投資管理有限公司) since March 2019; has served as the chairman of DEC Investment Management Co., Ltd. (東方電氣投資管理有限公司) since December 2019 to date.

Biographical Details of the Nominated Candidates for the Non-independent Directors of the Tenth Session are as follows:

#### **Mr. Liu Zhiquan**

Born in July 1968, graduated from the School of Management of Harbin Institute of Technology with a doctor's degree, majoring in technology economy and management. He is a researcher-level senior accountant. He started his career at Harbin Boiler Workers (哈爾濱鍋爐廠) in September 1991 and successively served as the head of finance division, head of the planning and finance division and deputy chief accountant of Harbin Boiler Company Limited (哈爾濱鍋爐廠有限責任公司); from April 2001, he successively served as the deputy general manager of Harbin Boiler Company Limited (哈爾濱鍋爐廠有限責任公司), the deputy general manager of Harbin Electric Company Limited (哈爾濱電氣股份有限公司) and the chief financial officer and assistant to general manager of Harbin Electric Corporation (哈爾濱電氣集團有限公司); from September 2014 to February 2022, he served as the chief accountant of Harbin Electric Corporation (哈爾濱電氣集團有限公司); he has served as the chief accountant and a member of the Party organization of DEC Group (中國東方電氣集團有限公司) since March 2022, and the chief accountant of the Company since March 2022.

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## Appendix III      Biographical Details of the Nominated Candidates for Shareholder Representative Supervisor and Non-independent Directors

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### Mr. Zhang Jilie

Born in August 1963, graduated from Wuhan Polytechnic University majoring in industrial business management with a bachelor's degree, and from Southwest Jiao Tong University as an on-job postgraduate of business administration. He is a senior economist and corporate law consultant. He started his career at DFEW (東方電機廠) in July 1984, and successively held various positions including, assistant to the general manager and manufacturing head of Dongfang Electric Machinery Company Limited (東方電機股份有限公司); and chairman of the board, general manager and secretary to Party Branch Committee of DFEM Control Equipment Company Limited (東方電機控制設備有限公司); deputy factory head and executive deputy factory manager of DFEW (東方電機廠); assistant to general manager, section head of Legal Affairs Department, section head of Corporate Management Department, the secretary of the board of directors and director of general office of Dongfang Electric Corporation (中國東方電氣集團有限公司). He served as the chief law consultant of Dongfang Electric Corporation (中國東方電氣集團有限公司) from January 2007 to April 2022, and has served as a member of Party Committee of Dongfang Electric Corporation (中國東方電氣集團有限公司) since August 2017 (and a deputy general manager since September of the same year). He served as a director of the Company from October 2007 to September 2018, a senior vice president of the Company from March 2018 to September 2018. He has been the chairman of the Supervisory Committee of the Company since September 2018 and he will resign as a Supervisor at the AGM.

As at the date of this circular, save as disclosed above, Mr. Hu, Mr. Liu and Mr. Zhang have confirmed that they (i) do not have any relationship with any other directors, supervisors, senior management, substantial shareholders or controlling shareholders (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) of the Company; (ii) does not hold any other position with the Company or other members of the Group; (iii) did not hold any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; (iv) is not interested or deemed to be interested in any shares or underlying shares of the Company or its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance; and (v) there are no other matters relating to his appointment that need to be brought to the attention of the Shareholders or to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

## Appendix IV      Details of the Proposed Amendments to the Articles of Association

### DETAILS OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION:

Current Articles	Articles After the Proposed Amendments
<b>Article 6</b> Legal representative of the Company shall be the chairman of the Company's board of directors.	<b>Article 6</b> The chairman of the Company's board of directors shall be the legal representative of the Company.
<b>Article 9</b> In accordance with the requirements of the Company Law and the Constitution of the Communist Party of China, an organization of the Communist Party of China shall be established. The working organs of the Party shall be established, equipped with sufficient staff to deal with Party affairs and provided with sufficient funds to operate the Party organization. The Party committee shall perform the core leadership and core political functions to provide directions, manage overall situations and ensure implementation.	<b>Article 9</b> In accordance with the requirements of the Company Law and the Constitution of the Communist Party of China, an organization of the Communist Party of China shall be established. The working organs of the Party shall be established, equipped with sufficient staff to deal with Party affairs and provided with sufficient funds to operate the Party organization. <del>The Party committee shall perform the core leadership and core political functions to provide directions, manage overall situations and ensure implementation.</del>
<b>Article 21</b> The Company issued 3,118,792,130 ordinary shares in total, comprising 340,000,000 overseas listed foreign shares and 2,778,792,130 domestic shares.	<b>Article 21</b> The Company issued <u>3,119,001,130</u> ordinary shares in total, comprising 340,000,000 overseas listed foreign shares and <u>2,779,001,130</u> domestic shares.

## Appendix IV      Details of the Proposed Amendments to the Articles of Association

Current Articles	Articles After the Proposed Amendments
<p><b>Article 22</b>      .....</p> <p>With the approval of authority authorized by the State Council, the Company granted 27,988,699 shares to the participants under the Restricted A Share Incentive Scheme for 2019 on 22 November 2019, and the total share capital of the Company increased to 3,118,792,130 shares.</p> <p>The capital structure of the Company is as follows: the total number of shares of the Company is 3,118,792,130 ordinary shares, comprising 2,778,792,130 domestic shares, accounting for 89.10% of the total number of shares and 340,000,000 overseas listed foreign shares, accounting for 10.90% of the total number of shares.</p>	<p><b>Article 22</b>      .....</p> <p>With the approval of authority authorized by the State Council, the Company granted 27,988,699 shares to the participants under the Restricted A Share Incentive Scheme for 2019 on 22 November 2019, and the total share capital of the Company increased to 3,118,792,130 shares; <u>On September 24, 2021, the Company granted 972,000 shares to participants under the reserved portion of the Restricted A Share Incentive Scheme, and the company's total share capital increased to 3,119,764,130 shares.</u></p> <p><u>As approved by the shareholders general meeting, the Company repurchased and cancelled certain restricted shares granted and yet still locked up namely 138,000 shares, 475,000 shares, 150,000 shares on 5 February 2021, 20 August 2021, 10 March 2022, respectively, and the company's total share capital reduced to 3,119,001,130 shares.</u></p> <p>The capital structure of the Company is as follows: the total number of shares of the Company is <u>3,119,001,130</u> ordinary shares, comprising <u>2,779,001,130</u> domestic shares, accounting for 89.10% of the total number of shares and 340,000,000 overseas listed foreign shares, accounting for 10.90% of the total number of shares.</p>
<p><b>Article 26</b>    The registered capital of the Company is Renminbi 3,118,792,130.</p>	<p><b>Article 26</b>    The registered capital of the Company is Renminbi <u>3,119,001,130</u>.</p>

## Appendix IV      Details of the Proposed Amendments to the Articles of Association

Current Articles	Articles After the Proposed Amendments
<p><b>Article 32</b> Where any director, supervisor and senior manager of the Company or any shareholder who holds more than 5% of the shares of the Company, sells the shares of the Company as held within 6 months after purchase, or purchases any shares as held within 6 months after sale, the proceeds as generated therefrom shall be incorporated into the profits of the Company. The board of directors of the Company shall take back the proceeds. However, where a securities company holds more than 5% of the shares of the Company, as a result of undertaking of the residual shares, the sale of the foregoing shares shall not be restricted by the term of 6 months.</p> <p>.....</p>	<p><b>Article 32</b> Where any director, supervisor and senior manager of the Company or any shareholder who holds more than 5% of the shares of the Company, sells the shares of the Company <u>or other securities with an equity nature</u> as held within 6 months after purchase, or purchases any shares as held within 6 months after sale, the proceeds as generated therefrom shall be incorporated into the profits of the Company. The board of directors of the Company shall take back the proceeds. However, where a securities company holds more than 5% of the shares of the Company, as a result of undertaking of the residual shares, <u>and other circumstances stipulated by the CSRC are excluded.</u></p> <p><u>Shares or other securities with an equity nature held by directors, supervisors, officers and natural person shareholders referred to in the preceding paragraph include shares or other securities with an equity nature held by their spouses, parents, children and under accounts of other persons.</u></p> <p>.....</p>
<p><b>Article 60</b> A holder of ordinary shares of the Company shall have the following rights:</p> <p>.....</p> <p>(5) to receive any relevant information in accordance with the provisions of these Articles, including:</p> <p>.....</p> <p>(V) minutes of shareholders' meeting;</p> <p>(VI) minutes of the meetings of the board of the directors;</p> <p>(VII) minutes of the meetings of the supervisory committee;</p> <p>.....</p>	<p><b>Article 60</b> A holder of ordinary shares of the Company shall have the following rights:</p> <p>.....</p> <p>(5) to receive any relevant information in accordance with the provisions of these Articles, including:</p> <p>.....</p> <p>(V) minutes of shareholders' meeting;</p> <p>(VI) <u>resolutions</u> of the meetings of the board of the directors;</p> <p>(VII) <u>resolutions</u> of the meetings of the supervisory committee;</p> <p>.....</p>

## Appendix IV      Details of the Proposed Amendments to the Articles of Association

Current Articles	Articles After the Proposed Amendments
<p><b>Article 70</b> The shareholders' general meeting shall perform the following functions:</p> <p>.....</p> <p>(1) to determine the directives of operations and investment proposals;</p> <p>(2) to elect and replace directors and to determine the matters relating to remuneration of the directors;</p> <p>.....</p> <p>(6) to consider and approve the Company's annual financial budgets and final accounts;</p> <p>.....</p> <p>(9) to resolve for the matters relating to amalgamation, division, dissolution and liquidation of the Company;</p> <p>.....</p> <p>(16) to consider and approve the share incentive plan;</p> <p>.....</p>	<p><b>Article 70</b> The shareholders' general meeting shall perform the following functions:</p> <p>.....</p> <p>(1) to determine the directives of operations and investment proposals;</p> <p>(2) to elect and replace directors <u>who are non-employee representatives</u> and to determine the matters relating to remuneration of the directors;</p> <p>.....</p> <p>(6) to consider and approve the Company's annual financial budgets and final accounts;</p> <p>.....</p> <p>(9) to resolve for the matters relating to amalgamation, division, dissolution and liquidation or <u>change in company form</u> of the Company;</p> <p>.....</p> <p>(16) to consider and approve the share incentive plan and <u>employee stock ownership scheme</u>;</p> <p>.....</p>

## Appendix IV      Details of the Proposed Amendments to the Articles of Association

Current Articles	Articles After the Proposed Amendments
<p><b>Article 72</b> The following external guarantees provided by the Company shall be subject to the consideration and approval at the shareholders' general meeting.</p> <p>(1) Any guarantee as provided after the total amount of guarantees provided by the Company and its controlling subsidiaries reaches or exceeds 50% of the latest audited net assets;</p> <p>(2) on an accumulative basis in 12 consecutive months, any guarantee provided when the aggregate amount of external guarantees provided by the Company has reached or exceeded 30% of the latest audited total asset value of the Company;</p> <p>(3) A guarantee as provided to a guaranteed party whose asset-liability ratio is higher than 70%;</p> <p>(4) A guarantee, the amount of which exceeds 10% of the latest audited net asset;</p> <p>(5) A guarantee as provided to the shareholder, beneficial controller or the connected party;</p> <p>(6) the guarantee that exceeds 50% of the latest audited net assets of the Company and the absolute amount exceeds RMB50 million on an accumulative basis in 12 consecutive months.</p>	<p><b>Article 72</b> The following external guarantees provided by the Company shall be subject to the consideration and approval at the shareholders' general meeting.</p> <p>(1) Any guarantee as provided after the total amount of guarantees provided by the Company and its controlling subsidiaries reaches or exceeds 50% of the latest audited net assets;</p> <p>(2) <del>on an accumulative basis in 12 consecutive months;</del> any guarantee provided when the aggregate amount of external guarantees provided by the Company has reached or exceeded 30% of the latest audited total asset value of the Company;</p> <p>(3) <u>Any guarantee provided after the total amount of guarantee provide by the Company within one year has exceeded 30% of the Company's latest audited total assets;</u></p> <p>(4) A guarantee as provided to a guaranteed party whose asset-liability ratio is higher than 70%;</p> <p>(5) A guarantee, the amount of which exceeds 10% of the latest audited net asset;</p> <p>(6) A guarantee as provided to the shareholder, beneficial controller or the connected party;</p> <p><del>(6) the guarantee that exceeds 50% of the latest audited net assets of the Company and the absolute amount exceeds RMB50 million on an accumulative basis in 12 consecutive months.</del></p>

## Appendix IV      Details of the Proposed Amendments to the Articles of Association

Current Articles	Articles After the Proposed Amendments
<p>External investment (including trust asset management and trust loan) meet the following standards shall be submitted to the general meetings for consideration; save as aforesaid, such investment shall be considered and determined by the Board:</p> <p>(1) Total assets (book value or assessed value, whichever is higher) involved in the transactions exceed 50% of the latest audited total assets of the Company;</p> <p>(2) The consideration (including liabilities and expenses) exceed 50% of the latest audited net assets of the Company and the absolute amount exceeds RMB50 million;</p> <p>(3) Profit of the transaction exceeds 50% of the audited net profit of the Company of the most recent accounting year, and the absolute amount exceeds RMB5 million;</p> <p>(4) The operating revenue of the most recent accounting year generated by the target (such as equity) of the transaction exceeds 50% of the audited operating revenue of the Company of the most recent accounting year, and the absolute amount exceeds RMB50 million;</p> <p>(5) The net profit of the most recent accounting year generated by the target (such as equity) of the transaction exceeds 50% of the audited net profit of the Company of the most recent accounting year, and the absolute amount exceeds RMB5 million.</p>	<p>External investment (including trust asset management and trust loan) meet the following standards shall be submitted to the general meetings for consideration; save as aforesaid, such investment shall be considered and determined by the Board:</p> <p>(1) Total assets (book value or assessed value, whichever is higher) involved in the transactions exceed 50% of the latest audited total assets of the Company;</p> <p>(2) <u>the value of net assets (book value or appraised value, whichever is higher) of the target of the transaction (such as share equity) accounts for 50% or more of the most recently audited net assets of the Company, and with the absolute amount being exceeding RMB50,000,000;</u></p> <p>(3) The consideration (including liabilities and expenses) exceed 50% of the latest audited net assets of the Company and the absolute amount exceeds RMB50 million;</p> <p>(4) Profit of the transaction exceeds 50% of the audited net profit of the Company of the most recent accounting year, and the absolute amount exceeds RMB5 million;</p> <p>(5) The operating revenue of the most recent accounting year generated by the target (such as equity) of the transaction exceeds 50% of the audited operating revenue of the Company of the most recent accounting year, and the absolute amount exceeds RMB50 million;</p> <p>(6) The net profit of the most recent accounting year generated by the target (such as equity) of the transaction exceeds 50% of the audited net profit of the Company of the most recent accounting year, and the absolute amount exceeds RMB5 million.</p>



## Appendix IV      Details of the Proposed Amendments to the Articles of Association

Current Articles	Articles After the Proposed Amendments
<p><b>Article 77</b> Where the supervisory committee or shareholders decide(s) to convene the extraordinary general meeting of shareholders by itself/themselves, it/they shall send out a written notice to the board of directors, and shall put on the records of the dispatched office of CSRC at the locality of the Company and the stock exchange.</p> <p>Before the resolution of the extraordinary general meeting of shareholders is announced, the proportion of the summoning shareholders shall be no less than 10%.</p> <p>The supervisory committee or shareholders that convene the meeting shall, when circulating a notice of meeting and making an announcement on the resolution of a shareholders' general meeting, submit the relevant certification materials to the dispatched office of CSRC at the locality of the Company and the stock exchange.</p>	<p><b>Article 77</b> Where the supervisory committee or shareholders decide(s) to convene the extraordinary general meeting of shareholders by itself/themselves, it/they shall send out a written notice to the board of directors, and shall put on the records of <del>the dispatched office of CSRC at the locality of the Company and the</del> stock exchange.</p> <p>Before the resolution of the extraordinary general meeting of shareholders is announced, the proportion of the summoning shareholders <u>who hold ordinary shares (including shareholders of preference shares whose voting rights have been restored)</u> shall be no less than 10%.</p> <p><u>The supervisory committee or</u> shareholders that convene the meeting shall, when circulating a notice of meeting and making an announcement on the resolution of a shareholders' general meeting, submit the relevant certification materials to the <del>dispatched office of CSRC at the locality of the Company and the</del> stock exchange.</p>
<p><b>Article 92</b> The board of directors, independent directors and shareholders who meet the relevant stipulated conditions are entitled to collect proxy from other shareholders at the shareholders' general meeting. The collection of such proxy shall be without consideration and sufficient information shall be disclosed to the proxy.</p>	<p><b>Article 92</b> The board of directors, independent directors and shareholders <u>holding 1% shares with voting rights or investor protection institutions established in accordance with laws, administrative regulations or the provisions of the CSRC may openly solicit shareholders' voting rights</u> <del>who meet the relevant stipulated conditions are entitled to collect proxy from other shareholders at the shareholders' general meeting.</del> The collection of such proxy shall be without consideration and sufficient information <u>regarding voting intention</u> shall be disclosed to the proxy. <u>Except for statutory conditions, the company shall not propose a minimum shareholding limit for the solicitation of voting rights.</u></p>

## Appendix IV      Details of the Proposed Amendments to the Articles of Association

Current Articles	Articles After the Proposed Amendments
<p><b>Article 100</b> The following matters shall be passed by an ordinary resolution at a shareholders' general meeting:</p> <p>(1) the working reports of the board of directors and the supervisory committee;</p> <p>(2) plans formulated by the board of directors for distribution of profits and for making up losses;</p> <p>(3) appointment and removal of the members of the board of directors and members of the supervisory committee, their remuneration and method of payment;</p> <p>(4) annual budgets and statements of final accounts, balance sheets and profit statement and other financial reports of the Company;</p> <p>(5) other matters not required by the laws and administrative rules or by these Articles to be passed by special resolution.</p>	<p><b>Article 100</b> The following matters shall be passed by an ordinary resolution at a shareholders' general meeting:</p> <p>(1) the working reports of the board of directors and the supervisory committee;</p> <p>(2) plans formulated by the board of directors for distribution of profits and for making up losses;</p> <p>(3) appointment and removal of the members of the board of directors and members of the supervisory committee, their remuneration and method of payment;</p> <p>(4) annual budgets and statements of final accounts, balance sheets and profit statement and other financial reports of the Company;</p> <p><u>(5) annual reports of the Company;</u></p> <p><del>(5)</del>(6) other matters not required by the laws and administrative rules or by these Articles to be passed by special resolution.</p>

## Appendix IV      Details of the Proposed Amendments to the Articles of Association

Current Articles	Articles After the Proposed Amendments
<p><b>Article 101</b> The following matters shall be passed by a special resolution at a shareholders' general meeting:</p> <ol style="list-style-type: none"> <li>(1) increase and reduction of share capital of the Company and the issue of shares of any class, warrants and other ancillary securities;</li> <li>(2) issue of debentures of the Company;</li> <li>(3) the division, amalgamation, dissolution and liquidation of the Company;</li> <li>(4) amendments to these Articles;</li> <li>(5) purchase or sale of any material asset or providing a guarantee by the Company within one year, the amount of which exceeds 30% of its latest audited total assets;</li> <li>(6) share incentive plan;</li> <li>(7) other matter which will have substantial effect on the Company, if it is passed by an ordinary resolution, is required to be passed by a special resolution.</li> </ol>	<p><b>Article 101</b> The following matters shall be passed by a special resolution at a shareholders' general meeting:</p> <ol style="list-style-type: none"> <li>(1) increase and reduction of share capital of the Company and the issue of shares of any class, warrants and other ancillary securities;</li> <li>(2) issue of debentures of the Company;</li> <li>(3) the division, <u>spin-off</u>, amalgamation, dissolution and liquidation of the Company;</li> <li>(4) amendments to these Articles;</li> <li>(5) purchase or sale of any material asset or providing a guarantee by the Company within one year, the amount of which exceeds 30% of its latest audited total assets;</li> <li>(6) share incentive plan;</li> <li>(7) other matter which will have substantial effect on the Company, if it is passed by an ordinary resolution, is required to be passed by a special resolution.</li> </ol>

## Appendix IV      Details of the Proposed Amendments to the Articles of Association

Current Articles	Articles After the Proposed Amendments
<p><b>Article 108</b> Minutes shall be prepared for the General meeting and contents of the minutes shall contain:</p> <ol style="list-style-type: none"> <li>(1) the total number of shares carrying voting rights represented at the meeting and its percentage in the total issued capital of the Company;</li> <li>(2) date and place of the meeting;</li> <li>(3) name of person who presided over the meeting and the agenda of the meeting;</li> <li>(4) main points of speech in relation to the matters to be discussed;</li> <li>(5) voting result of each motion;</li> <li>(6) the questions raised by the shareholders and the reply or content of explanation by the board of directors and the supervisory committee; and</li> <li>(7) any other business should be contained in the minutes as considered in the shareholders' general meeting or in accordance with these Articles.</li> </ol>	<p><del><b>Article 108</b> Minutes shall be prepared for the General meeting and contents of the minutes shall contain:</del></p> <ol style="list-style-type: none"> <li><del>(1) the total number of shares carrying voting rights represented at the meeting and its percentage in the total issued capital of the Company;</del></li> <li><del>(2) date and place of the meeting;</del></li> <li><del>(3) name of person who presided over the meeting and the agenda of the meeting;</del></li> <li><del>(4) main points of speech in relation to the matters to be discussed;</del></li> <li><del>(5) voting result of each motion;</del></li> <li><del>(6) the questions raised by the shareholders and the reply or content of explanation by the board of directors and the supervisory committee; and</del></li> <li><del>(7) any other business should be contained in the minutes as considered in the shareholders' general meeting or in accordance with these Articles.</del></li> </ol>

Current Articles	Articles After the Proposed Amendments
	<p><b>Article 108</b> <u>Minutes shall be prepared for the General meeting and responsible for the secretary of the board. The contents of the minutes shall contain:</u></p> <p>(1) <u>date, place, agenda and name of convener of the meeting;</u></p> <p>(2) <u>names of person who presided over the meeting and the directors, supervisors, president and other officers attending or present at the meeting;</u></p> <p>(3) <u>the number of shareholders and proxies attending the meeting, the total number of Shares carrying voting rights and its percentage in the total issued capital of the Company;</u></p> <p>(4) <u>the process of each proposal, the main points of the speech and the voting results;</u></p> <p>(5) <u>the questions raised by the shareholders and the relevant reply or content of explanation by the board of directors and the supervisory committee; and</u></p> <p>(6) <u>name of attorneys, vote counters and scrutineers</u></p> <p>(7) <u>any other business should be contained in the minutes in accordance with these Articles.</u></p>

## Appendix IV      Details of the Proposed Amendments to the Articles of Association

Current Articles	Articles After the Proposed Amendments
<p><b>Article 125</b> The board of directors shall be accountable to the general meeting and to perform the following duties:</p> <ol style="list-style-type: none"> <li>(1) to be responsible for convening shareholders' general meetings and to prepare working report to the shareholders' general meetings;</li> <li>(2) to execute resolutions passed in the shareholders' general meetings;</li> <li>(3) to distribute and issue shares in accordance with these Articles;</li> <li>(4) to decide on the Company's business plans and investment proposals;</li> <li>(5) to prepare the Company's annual financial budgets and final accounts;</li> <li>(6) to formulate proposals for profit distribution and proposals for settlement of losses of the Company;</li> <li>(7) to formulate proposals for the increase or reduction of share capital of the Company;</li> <li>(8) to formulate proposals for the issue of debentures of the Company and the Company's financial policies;</li> <li>(9) to formulate plans for major acquisitions or disposal by the Company and for the amalgamation, division and dissolution of the Company;</li> </ol>	<p><b>Article 125</b> The board of directors shall be accountable to the general meeting and to perform the following duties:</p> <ol style="list-style-type: none"> <li>(1) to be responsible for convening shareholders' general meetings and to prepare working report to the shareholders' general meetings;</li> <li>(2) to execute resolutions passed in the shareholders' general meetings;</li> <li><del>(3) to distribute and issue shares in accordance with these Articles;</del></li> <li><del>(4) to decide on the Company's business plans and investment proposals;</del></li> <li><del>(5) to prepare the Company's annual financial budgets and final accounts;</del></li> <li><del>(6) to formulate proposals for profit distribution and proposals for settlement of losses of the Company;</del></li> <li><del>(7) to formulate proposals for the increase or reduction of share capital of the Company;</del></li> <li><del>(8) to formulate proposals for the issue of debentures of the Company and the Company's financial policies;</del></li> <li><del>(9) to formulate plans for major acquisitions or disposal by the Company and for the amalgamation, division and dissolution of the Company;</del></li> </ol>

## Appendix IV      Details of the Proposed Amendments to the Articles of Association

Current Articles	Articles After the Proposed Amendments
(10) to decide on the pledging, leasing or transfer of the Company's major assets within the authority granted by the shareholders' general meeting;	<del>(10) to decide on the pledging, leasing or transfer of the Company's major assets within the authority granted by the shareholders' general meeting;</del>
(11) to decide on the establishment of the Company's internal management organization;	<del>(11) to decide on the establishment of the Company's internal management organization;</del>
(12) to appoint or dismiss the President of the Company on the basis of nominations made by the President, the Senior Vice President, Vice President, Chief Accountant and other officers and to determine their remuneration;	<del>(12) to appoint or dismiss the President of the Company on the basis of nominations made by the President, the Senior Vice President, Vice President, Chief Accountant and other officers and to determine their remuneration;</del>
(13) to formulate the basic management system of the Company;	<del>(13) to formulate the basic management system of the Company;</del>
(14) to decide on the level of wages and salary, welfare and award schemes of the Company;	<del>(14) to decide on the level of wages and salary, welfare and award schemes of the Company;</del>
(15) to decide on other major business and administrative matters of the Company which are not required by these Articles to be resolved at the shareholders' general meetings;	<del>(15) to decide on other major business and administrative matters of the Company which are not required by these Articles to be resolved at the shareholders' general meetings;</del>
(16) to formulate proposals for amendments to these Articles;	<del>(16) to formulate proposals for amendments to these Articles;</del>
(17) other powers conferred by the shareholders' meeting and these Articles.	<del>(17) other powers conferred by the shareholders' meeting and these Articles.</del>

## Appendix IV      Details of the Proposed Amendments to the Articles of Association

Current Articles	Articles After the Proposed Amendments
	<p>(3) <u>to decide on the Company's business plans and investment proposals;</u></p> <p>(4) <u>to prepare the Company's annual financial budgets and final accounts;</u></p> <p>(5) <u>to formulate proposals for profit distribution and proposals for settlement of losses of the Company;</u></p> <p>(6) <u>to formulate proposals for the increase or reduction of share capital of the Company;</u></p> <p>(7) <u>to formulate proposals for the issue of debentures or other securities and listing and the Company's financial policies;</u></p> <p>(8) <u>to formulate plans for major acquisitions or disposal by the Company and for the amalgamation, division and dissolution or change in company form of the Company;</u></p> <p>(9) <u>to decide on the external investments, sales of assets, pledging, external guarantees, entrusted wealth management, related transactions, external donations leasing or transfer of the Company's major assets within the authority granted by the shareholders' general meeting;</u></p> <p>(10) <u>to decide on the establishment of the Company's internal management organization;</u></p>



Current Articles	Articles After the Proposed Amendments
	<p>(11) <u>to decide to appoint or dismiss the President, secretary of the board and other officers of the Company, and to determine their remuneration and rewards and punishments; on the basis of nominations made by the President, to decide to appoint or dismiss the Senior Vice President, Vice President, Chief Accountant and other officers and to determine their remuneration and rewards and punishments;</u></p> <p>(12) <u>to formulate the basic management system of the Company;</u></p> <p>(13) <u>to decide on the level of wages and salary, welfare and award schemes of the Company;</u></p> <p>(14) <u>to decide on other major business and administrative matters of the Company which are not required by these Articles to be resolved at the shareholders' general meetings;</u></p> <p>(15) <u>to formulate proposals for amendments to these Articles;</u></p> <p>(16) <u>to manage Company information disclosure matters;</u></p> <p>(17) <u>to propose to general meeting to appoint or change accounting firm that performs audit of the Company;</u></p> <p>(18) <u>to receive work report of the president of the Company and review the work of the president;</u></p> <p>(19) <u>other powers conferred by the laws, administrative regulations, departmental regulations and these Articles.</u></p>

## Appendix IV      Details of the Proposed Amendments to the Articles of Association

Current Articles	Articles After the Proposed Amendments
/	<p><b>Newly added:</b></p> <p><u>The General Manager shall formulate the working rules of the General Manager, which shall be implemented after being approved by the board of directors.</u></p> <p><u>The working rules of the General Manager include the following:</u></p> <ol style="list-style-type: none"> <li>1. <u>Conditions, procedures and participants of the meetings of the General Manager;</u></li> <li>2. <u>The specific responsibilities and division of labor of the General Manager and other senior managers;</u></li> <li>3. <u>The use of company funds and assets, the authority to sign material contracts, and the reporting system to the board of directors and the supervisory committee;</u></li> <li>4. <u>Other matters deemed necessary by the board of directors.</u></li> </ol>

## Appendix IV      Details of the Proposed Amendments to the Articles of Association

Current Articles	Articles After the Proposed Amendments
/	<p><b>Newly added:</b></p> <p><u>The election of supervisors of the company adopts the cumulative voting system.</u></p> <p><u>Supervisors shall be elected only by the approval of one-half of the voting rights of the shareholders present at the shareholders' meeting. When the number of supervisors approved by voting exceeds the upper limit of the proposed maximum number of supervisors, the supervisors with the highest number of votes shall be selected in order according to the proposed maximum number of supervisors.</u></p> <p><u>When the company elects supervisors, the number of votes held by each shareholder is equal to the product number of the number of shares held by him multiplied by the number of supervisors he has the right to elect, and each shareholder can cast all the votes he has for a supervisor candidate, or can arbitrarily allocate all votes to two or more supervisor candidates, or can arbitrarily allocate to all supervisor candidates they have the right to elect; the candidate with the most votes is elected.</u></p>
<p><b>Article 208</b> The shareholders' general meetings shall determine the appointment, dismissal and termination of the service of the accountants firm and the same shall be reported to the securities authority of the State Council for records.</p> <p>.....</p>	<p><b>Article 210</b> The shareholders' general meetings shall determine the appointment, dismissal and termination of the service of the accountants firm and the same shall be reported to the securities authority of the State Council for records. <u>The Board shall not appoint accounting firms prior to the decision of shareholders' general meeting.</u></p> <p>.....</p>

## **DONGFANG ELECTRIC CORPORATION LIMITED RULES OF PROCEDURE OF THE BOARD**

### **1 General Provisions**

- 1.1 To improve and standardize the decision-making procedures and procedures for the meetings of the board of directors of Dongfang Electric Corporation Limited (the “Company”), improve the working efficiency of the board of directors, establish and improve its corporate governance structure, clarify legal responsibilities and achieve the Company’s standard operation, so as to promote the sustainable and stable development of the Company, these Articles have been formulated in accordance with the “Company Law of the People’s Republic of China”, Governance Standards of Listed Companies issued by the China Securities Regulation Commission, the Listing Rules of Shanghai Stock Exchange and Hong Kong Stock Exchange, the Articles of Association of Dongfang Electric Corporation Limited (the “Articles of Association”) and the requirements of relevant policies and laws and regulations of the State, as well as taking into account the actual situation.
- 1.2 The board of directors is a standing executive branch of the Company, is accountable to the shareholders’ general meeting, and report its work to the shareholders’ general meeting. The board of directors shall conscientiously perform its duties, and ensure that the Company complies with the requirements of laws and regulations. The board of directors shall also treat all the shareholders equally and pay attention to the interests of the other stakeholders.
- 1.3 These Articles were prepared by and shall be subject to the interpretation by the office of the board of directors, and shall take effect upon approval by the general meeting.

### **2 Functions and Powers of the Board of Directors**

- 2.1 The board of directors shall exercise the following powers:
- 2.1.1 to be responsible for convening shareholders’ general meetings and to prepare working report to the shareholders’ general meetings;
- 2.1.2 to execute resolutions passed at the shareholders’ general meetings;
- 2.1.3 to decide on the Company’s business plans and investment proposals;
- 2.1.4 to prepare the Company’s annual financial budgets and final accounts;
- 2.1.5 to formulate proposals for profit distribution and proposals for settlement of losses of the Company;
- 2.1.6 to formulate proposals for the increase or reduction of registered capital of the Company;
- 2.1.7 to formulate proposals for the issue of debentures and other securities and listing plans and the Company’s financial policies;

- 2.1.8 to formulate plans for major acquisitions or disposal by the Company and for the amalgamation, division, dissolution and change in the form of the Company;
- 2.1.9 To decide, as authorized by the shareholders' general meetings, on matters relating to the Company' s external investment, acquisitions or disposal of assets, mortgage of assets, external guarantee, entrusted wealth management, connected transactions and external donation;
- 2.1.10 to decide on the establishment of the Company's internal management organization;
- 2.1.11 to decide on the appointment or dismissal of the president, the secretary to the board of directors and other senior management of the Company and to determine their remuneration and rewards and punishments; on the basis of nominations made by the president, to decide on the appointment or dismissal of the senior vice president, vice president, chief accountant and other officers and to determine their remuneration and rewards and punishments;
- 2.1.12 to formulate the basic management system of the Company;
- 2.1.13 to decide on the level of wages and salary, welfare and rewards and punishments schemes of the Company;
- 2.1.14 to decide on other major business and administrative matters of the Company which are not required in the Articles of Association to be resolved at the shareholders' general meetings;
- 2.1.15 to formulate proposals for amendments to the Articles of Association;
- 2.1.16 to manage information disclosure of the Company;
- 2.1.17 to propose to the shareholders' general meeting to appoint or change the accounting firm that provides audit services for the Company;
- 2.1.18 to listen to the work report and inspect the work of the president;
- 2.1.19 Other functions and powers provided by laws, administrative regulations, departmental rules or the Articles of Association.
- 2.2 In respect of the board of directors' resolutions relating to the matters, except for clauses 2.1.6, 2.1.7, 2.1.8, 2.1.15 that shall be passed by not less than two-thirds of all directors, the remaining resolutions may be passed by more than half of all directors.
- 2.3 Prior to making decisions on material issues such as the direction of the reform and development of the Company, its main objectives and tasks, and key work arrangement, the board of directors shall seek advice from the Party organisation. When the board of directors appoints senior management personnel of the Company, the Party organization shall first deliberate on the candidates and make recommendations or recommend candidates to the board of directors and the president.

- 2.4 When the board of directors dispose of any fixed assets of Company, if the sum of the estimated value of the fixed assets to be disposed of, and the consideration received for the fixed assets which have been disposed of during the period of four months immediately preceding the proposed disposal, exceeds 33% of the value of the fixed assets as shown in the latest audited balance sheet considered at a shareholders' general meeting, the board of directors shall not dispose of or agree to dispose of such fixed assets without prior approval of the shareholder's general meeting.

For the purpose of this article, disposal of fixed assets includes an act involving transfer of interests in certain assets other than an act of providing fixed assets as security.

- 2.5 The board of directors sets up the special committees, such as the strategic development committee, the risk management committee, the audit and review committee, the remuneration and assessment committee and the nomination committee. The special committees are all comprised of directors. In particular, the majority of the members of the audit and review committee, nomination committee and remuneration and assessment committee are independent directors who also act as the conveners, and the convener of the audit and review committee is an accounting professional.

- 2.6 All special committees shall be accountable to the board of directors, and the motion made by the special committees shall be decided by the board of directors through consideration.

- 2.7 All special committees may engage intermediaries to provide professional opinions.

### **3 Call and Notice of the Meetings of Board of Directors**

- 3.1 Meetings of the board of directors shall be classified as ordinary meetings and extraordinary meetings, with four ordinary meetings held each year and extraordinary meetings held in a timely manner as required. The meetings of the board of directors shall have topics prepared in advance and the directors may propose topics for the meeting in advance. The office of the board of directors shall prepare the motions for the meeting in accordance with the topics proposed by the directors and make them available to all directors at the prescribed time.

- 3.2 Meetings of the board of directors shall be convened by the chairman and attended by all members of the board of directors. If the chairman is unable to perform his duties or fails to perform his duties for any reason, more than one-half of the directors shall jointly elect a director to convene the meeting.

The chairman shall convene an extraordinary meeting of the board of directors within 10 days of receipt of a proposal in any of the following circumstances:

- (1) deemed as necessary by the Chairman;
- (2) proposed by the shareholders representing more than one tenth of voting rights;
- (3) proposed jointly by more than one-third of the Directors;
- (4) proposed by the Supervisory Committee;

(5) proposed by the President.

3.3 If the date and venue of an ordinary meeting of the board of directors have not been fixed by the board of directors in advance or an extraordinary meeting is to be held, save for under emergency circumstances, the chairman shall send to all the directors notice of the date and venue for such ordinary or extraordinary meeting of the board of directors by telex, facsimile, express delivery or, registered mail or delivery by hand not less than 10 days and not more than 30 days before such meeting. Any director may waive his/her right to receive notice of meeting of the board of directors.

3.4 Meetings of the board of directors of the Company shall be conducted in strict accordance with the prescribed procedures. The office of the board of directors shall, at the request of the convener, send the notice of the meeting and the relevant information of the meeting to the directors by fax, express delivery, registered mail or delivery by hand in a timely manner. The notice shall be in Chinese and may be accompanied with English version if necessary. The notice of the meeting shall contain the following information:

- (1) The date and venue of the meeting;
- (2) The manner in which the meeting is to be held and the agenda;
- (3) The subject matter and topics.
- (4) The date on which the notice is given.

The topics of the meetings of the board of directors shall be decided by the chairman of the board of directors, and the notice of the meetings shall be prepared by the secretary to the board of directors, and shall be issued by the secretary to the board of directors with the consent of the chairman and delivered to the directors by the office of the board of directors.

3.5 The board of directors shall provide to all directors sufficient information including the background information relating to the matters to be discussed at the meeting and those relevant materials and data to facilitate directors' understanding of the Company's business development. Whenever 2 or more independent directors regard the information provided insufficient or the evidence is not explicit, they can jointly request the board of directors in writing to postpone the meeting of the board of directors or postpone the consideration of such matter and the board of directors shall accept accordingly.

3.6 Notice of a meeting shall be deemed to have been served to the director who has attended such meeting without protesting against, before or at the commencement of such meeting, any lack of notice.

#### **4 Convening of the Meeting of the Board of Directors**

4.1 Meetings of the board of directors shall basically be held at the legal address of the Company. However, meetings of the board of directors may be held at any other places in or outside the PRC if the board of directors so resolved.

- 4.2 A meeting of the board of directors shall be held only when more than half of the directors attend the meeting.
- 4.3 The directors shall attend in person the board meetings. A director who is unable to attend a board meeting may in writing appoint another director as his proxy to attend the meeting. The instrument appointing proxy shall specify the name of the proxy, matters under the proxy and the scope of authorization in detailed terms, and be under the signature of the appointer. The proxy representing the appointer to attend the meeting shall have the rights of the directors within the scope of authorization. When a director who does not attend a board meeting and who has not appointed a proxy to attend the same on his behalf, he/she shall be deemed to have waived his/her right to vote at the meeting.
- 4.4 The secretary to the board of directors shall attend meetings of the board of directors as non-voting attendees. Supervisors may attend the meetings of the board of directors as non-voting attendees and make inquiries or suggestions about matters on which the board of directors has passed resolutions.
- 4.5 The meetings of the board of directors shall be presided over by the convener.
- 4.6 Any ordinary or extraordinary meetings of the board of directors may be held by conference telephone or similar communication equipment so long as all directors participating in the meeting can clearly hear and communicate with each other, all such directors shall be deemed to be present in person at the meeting.
- 4.7 The board of directors may adopt written resolutions in lieu of convening meetings of the board of directors. However, the draft of such resolutions shall be sent to every director by delivery by hand, e-mail, post, telex or facsimile. A resolution shall be a directors' resolution without the need to convene a board meeting if it has been sent to all directors, approved and signed by the requisite number of directors to pass the resolution and returned to the secretary of the board of directors by one of the aforesaid means.

## **5 Voting at the Meetings of the Board of Directors**

- 5.1 Resolutions of the board of directors are classified as ordinary resolutions and special resolutions. An ordinary resolution of the board of directors shall be passed by a majority of all the directors. A special resolution of the board of directors shall be passed with the consent of at least two-thirds of the directors.
- 5.2 The board of directors shall vote on each of the resolutions set out in the notice of the meeting. In principle, the board of directors shall not consider the resolutions or matters not set out in the notice of the meeting. In the event that new resolutions or matters need to be added under special circumstances, a majority of the directors present shall first agree to place the new resolutions or matters on the agenda of the meeting before the new resolutions or matters can be considered and voted on.



- 5.3 The board of directors may, if it deems necessary, summon other persons concerned with the resolutions of the meeting to attend the meeting, make presentations or express their views, but non-members of the board of directors shall not have the right to vote on the resolutions.
- 5.4 The presider shall call for clear opinions on the resolutions from the directors present at the board meeting.
- For resolutions that require prior consideration by a special committee in accordance with the requirements, the presider shall have the convener of the committee read out the committee's deliberations before discussing the relevant resolutions.
- The presider of the meeting shall stop any directors from interfering with the ordinary course of the meeting or the other directors' speeches in a timely manner.
- 5.5 The board of directors shall adopt the decision-making system of collective review and consideration, independent voting and individual accountability at its meetings. After each resolution has been fully discussed, the presider shall call upon the directors present to vote on each resolution separately in due course, and the next resolution shall not be considered until one resolution has been voted on.
- 5.6 Voting at the meetings shall be by a show of hands or by poll. Each Director shall have one vote. If the number of opposing votes and that of affirmative votes are the same, the chairman of the board shall be entitled to have a casting vote.
- 5.7 A director may cast a vote as affirmative, opposing or abstention vote. Each attending director shall express his/her voting intention by choosing one of the above. The chairman of the meeting shall request each director who fails to choose any of the above or have chosen more than two of the above to vote again, a director who failed to do so shall be deemed to have abstained from voting. Any director who leaves the meeting and does not return and has not voted by choosing any of the above shall be deemed to have abstained from voting. Any director who casts opposing or abstention vote must give specific reasons, which will be included in the minutes of the meeting.
- 5.8 Upon completion of the voting by the directors present at the meeting, the relevant staff of the office of the board of the directors shall collect the votes of the directors in a timely manner and deliver them to the secretary to the board of directors for counting under the supervision of the other directors.
- 5.9 If a meeting is held on site, the results of the counting should be announced on the spot.

- 5.10 Where any of the directors has any connected relationship with the enterprise involved in the matter to be decided at the meeting of the board of directors, he shall not vote on the relevant resolution, nor may he vote on behalf of any other director. The meeting of the board of directors shall not be held unless more than half of the unconnected directors are present at the meeting. A resolution of the board of directors shall be passed by more than half of the unconnected directors. If the number of unconnected directors in presence is less than 3 persons, the matter shall be submitted to the shareholders' general meeting of the Company for consideration and discussion.

## **6 Minutes and Resolutions of Meetings of Board of Directors**

- 6.1 The decisions at the board meetings shall be recorded in Chinese. The minutes of the board meetings shall be complete and true. The secretary to the board of directors shall carefully organise the recording and collation of the matters discussed at the meeting. The minutes shall be signed by the directors present at the meeting, the secretary to the board of directors and the recorder. The minutes of the board meetings shall be kept as important files of the Company at the legal address of the Company.

- 6.2 The minutes of the meetings of the board of directors shall contain the following information:

- (1) The date and venue of the meeting and the name of the convener;
- (2) The names of the directors present and the names of the directors (proxies) present at the board meeting under proxy;
- (3) The agenda of the meeting;
- (4) The key points of the speeches of the directors;
- (5) The way and result of voting on each matter or resolution;
- (6) Other matters to be stated and recorded in the minutes of the meeting.

as important basis for clarifying the responsibilities of the directors in the future. A full copy of the minutes of the meeting shall be promptly distributed to each director. Resolutions of the board meetings shall be distributed to the relevant units in a timely manner.

- 6.3 Directors shall be responsible for the resolutions of the Board. Where a resolution of the Board violates laws, administrative regulations or the Articles of Association of the Company, thereby causing serious losses to the Company, the directors who took part in such a resolution shall be liable to compensate the Company. However, if a director can prove that he had expressed his opposition to such resolution when it was put to the vote, and such opposition is recorded in the minutes of the meeting, that director may be relieved of such liability.

- 6.4 Resolutions of the board meetings shall contain the following information:

- (1) the date and venue of the meeting and the name of the convener;

- (2) the required number of directors present, actual number of the directors present, and number of proxies;
- (3) description of the proposals considered and voted on at the meeting, and the voting results;
- (4) separate description of proposals to be submitted to the shareholder's general meeting for consideration;
- (5) specific opinion of the independent directors, if any;
- (6) other matters that should be described and recorded in the resolutions.

6.5 The resolutions formed by the board of directors are organised for implementation by all executive directors and the president once they are formed.

6.6 The board of directors shall have the right to inspect and supervise the implementation.

6.7 At each meeting of the board of directors, the secretary to the board of directors may make a written report to the meeting on the implementation of the resolutions of the previous board meeting.

## **7 Supplementary Provision**

Matters not covered by these Articles shall be carried out in accordance with the relevant national laws and regulations, normative documents and the Articles of Association of the Company. In the event of any conflict between these Articles and the laws, regulations and normative documents promulgated by the State or the Articles of Association amended by lawful procedures in the future, the relevant laws and regulations of the State and the Articles of Association shall prevail.

## **DONGFANG ELECTRIC CORPORATION LIMITED RULES OF PROCEDURE OF GENERAL MEETING**

### **1 General Provisions**

- 1.1 In order to promote the efficiency of the procedure of general meeting of Dongfang Electric Corporation (the “Company”) and guarantee shareholders’ general meeting in exercising its power in accordance with the laws, these Articles is formulated in accordance with the Company Law of the Peoples’ Republic of China (the “Company Law”), Rules of Shareholders’ Meeting of Listed Companies (the “Rules of Shareholders’ Meeting”), Articles of Association of Dongfang Electric Corporation Limited (the “Articles of Association”) and other requirements of relevant laws, regulations, normative documents, taking into account the actual circumstances.
- 1.2 These Articles are prepared by the office of the board of directors and are responsible for interpretation, and shall take effect upon approval by the general meeting.

### **2 Duties and Powers of the Shareholders’ General Meeting**

- 2.1 The shareholders’ general meeting shall be the Company’s authority and shall exercise its power in accordance with the laws. The shareholders’ general meeting shall exercise the following duties and powers:
- 2.1.1 To determine the directives of operations and investment proposals;
- 2.1.2 To elect and replace directors who are non-employee representatives and to determine the matters relating to remuneration of the directors;
- 2.1.3 To elect and replace supervisors who are representatives of shareholders and decide on matters relating to the remuneration of supervisors;
- 2.1.4 To consider and approve reports of the Board;
- 2.1.5 To consider and approve reports of the supervisory committee;
- 2.1.6 To consider and approve the Company’s annual financial budgets and final accounts;
- 2.1.7 To consider and approve the profit distribution plan and loss recovery plan of the Company;
- 2.1.8 To decide on the increase or reduction of the registered capital of the Company;
- 2.1.9 To resolve for the matters relating to amalgamation, division, dissolution and liquidation or change in company form of the Company;
- 2.1.10 To pass resolutions relating to the issuance of bonds by the Company;
- 2.1.11 To pass resolutions on the appointment, dismissal or discontinuation of engagement of accounting firms;
- 2.1.12 To amend these Articles of Association;
- 2.1.13 To consider and approve the guarantee matters as stipulated in Article 2.3;

- 2.1.14 To consider the Company's purchase or disposal of material assets within one year with an amount exceeding 30% of the latest audited total assets of the Company;
- 2.1.15 To consider and approve the change in use of proceeds;
- 2.1.16 To consider and approve the share incentive plan and employee stock ownership scheme;
- 2.1.17 To consider the provisional proposals put forward by the shareholders individually or collectively holding more than 3% of shares of the Company;
- 2.1.18 To decide on which matters the board of directors may be authorized or delegated to deal with by shareholders' general meetings;
- 2.1.19 Other matters required by laws, administrative regulations and the Articles of Association to be decided by the shareholders' general meeting.
- 2.2 The Company shall not enter into any contract with any person other than a director, supervisor, President or other senior officer whereby such person is entrusted with the management of the whole or any substantial part of the business of the Company without the prior approval of the shareholders' general meeting.
- 2.3 The following external guarantees of the Company shall be considered and approved at the shareholders' general meeting.
  - 2.3.1 Any guarantee as provided after the total amount of guarantees provided by the Company and its controlling subsidiaries reaches or exceeds 50% of the latest audited net assets;
  - 2.3.2 Any guarantee provided when the aggregate amount of external guarantees provided by the Company has reached or exceeded 30% of the latest audited total asset value of the Company;
  - 2.3.3 Any guarantee provided after the total amount of guarantee provide by the Company within one year has exceeded 30% of the Company's latest audited total assets;
  - 2.3.4 A guarantee as provided to a guaranteed party whose asset-liability ratio is higher than 70%;
  - 2.3.5 A guarantee, the amount of which exceeds 10% of the latest audited net asset;
  - 2.3.6 A guarantee as provided to the shareholder, beneficial controller or the connected party;
- 2.4 External investment (including trust asset management and trust loan) meet the following standards shall be submitted to the general meetings for consideration; save as aforesaid, such investment shall be considered and determined by the Board:
  - 2.4.1 Total assets (book value or assessed value, whichever is higher) involved in the transactions exceed 50% of the latest audited total assets of the Company;
  - 2.4.2 The value of net assets (book value or appraised value, whichever is higher) of the target of the transaction (such as share equity) accounts for 50% or more of the most recently audited net assets of the Company, and with the absolute amount being exceeding RMB50,000,000;

- 2.4.3 The consideration (including liabilities and expenses) exceed 50% of the latest audited net assets of the Company and the absolute amount exceeds RMB50 million;
- 2.4.4 Profit of the transaction exceeds 50% of the audited net profit of the Company of the most recent accounting year, and the absolute amount exceeds RMB5 million;
- 2.4.5 The operating revenue of the most recent accounting year generated by the target (such as equity) of the transaction exceeds 50% of the audited operating revenue of the Company of the most recent accounting year, and the absolute amount exceeds RMB50 million;
- 2.4.6 The net profit of the most recent accounting year generated by the target (such as equity) of the transaction exceeds 50% of the audited net profit of the Company of the most recent accounting year, and the absolute amount exceeds RMB5 million.
- 2.4.7 Should any of the aforesaid figures is negative, its absolute value shall be adopted for the purpose of calculation. In case of trust asset management, the amount shall be calculated on an accumulative basis in 12 consecutive months. Where the aggregate amount reaches the above standards, the investment shall be submitted to the general meetings for consideration. Save for trust asset management, other external investment of the same category shall be calculated on an accumulative basis in 12 consecutive months. Any accumulative amount reaches the above standards shall be submitted to the general meetings for consideration.

### **3 The Proposals at the Shareholders' General Meeting**

- 3.1 The contents of proposals shall be attributed to the term of office of shareholders' general meeting, which has clear issue under discussion and specific matters to be resolved and shall be in compliance with the relevant provisions of laws, administrative regulations and the Articles of Association.
- 3.2 When the Company convenes a general meeting, the Board, the supervisory committee and ordinary shareholders (including preference shareholders with restored voting rights) individually or jointly holding more than 3% of the shares of the Company shall have the right to submit a proposal to the Company.
- 3.3 Ordinary shareholders (including preference shareholders with restored voting rights) individually or jointly holding more than 3% of the shares of the Company shall have the right to submit an interim proposal in writing to the convener. The convener shall issue a supplementary notice of the shareholders' general meeting within 2 days upon receipt of the proposals and announce the contents of the provisional proposals.

Except as provided in the preceding paragraph, the convener shall not amend the proposals set out in the notice of the shareholders' general meeting or add new proposals after issuing the notice of the shareholders' general meeting.

Proposals not set out in the notice of shareholders' general meeting or not complying with Article 3.1 of these Articles shall not be voted on or resolved at the shareholders' general meeting.

If it is required to alter matters involved in the resolutions of the previous general meeting, the contents of the proposal shall be complete and not only include the contents of the changes. Items included under “any other business” without specific contents shall not be deemed as a proposal and the same shall not be voted at general meeting.”

3.4 In relation to the new proposals that shareholders may propose in the annual general meeting, the board of directors shall examine them according to the following principles:

3.4.1 Relevance

The board of directors shall examine the new proposal. If the matter involved in the shareholder’s proposal has direct connections with the Company and does not exceed the scope of authority of shareholders’ general meetings stipulated in laws, regulations and the articles of association, it shall be submitted to the shareholders’ general meeting for consideration. Proposals not satisfying the above requirements shall not be put forward to the shareholders’ general meeting. In the event that the board of directors decides not to submit the proposal to the shareholders’ general meeting for voting, the board should give an explanation at that shareholders’ general meeting.

3.4.2 Procedures

The board of directors may decide on the procedural aspects involved in a stipulated proposals. If the voting of the proposal has to be split or combined, the consent of the shareholder who proposed the proposal must be obtained. If the shareholder does not agree to the change, the chairman of the general meeting may put the procedural matters to the general meeting for a decision. The chairman shall follow the procedures of shareholders’ general meetings when conducting discussion.

3.5 Proposal in respect of investment, disposal of assets and acquisition and merger and other proposals that require the passing at the shareholders’ general meeting shall fully state the detail of the matter, include the amount involved, consideration (or the method of calculation), the book value of the asset, the influence to the Company, the progress of the approval etc. If valuation of asset, audit or the independent financial report to be issued are required pursuant to the relevant regulation, the board of directors shall announce the valuation of asset, audit or the report issued by independent financial adviser at least 5 working days before the convention of general meeting.

3.6 The board of directors raises any proposal for change the use of proceed shall state in the notice of shareholders’ general meeting the reason for the change, the new project and the influence to the future of the Company.

3.7 Matters in relation to public issue of shares shall be approved by China Securities Regulatory Committee and be put as special proposal.

- 3.8 After the board of directors examines the approved annual report, the board of directors shall determine the profit distribution proposal which will be a proposal of annual general meeting. When the board of directors proposes the conversion of capital common reserve to capital, the board of directors shall disclose the net asset value per share and earning per share after and before the conversion and the influence to the future development of the Company.
- 3.9 The appointment of firm of accountant, shall be proposed by the board of directors, and approved by the shareholders' general meeting. The board of directors shall give prior notice to such firm of accountant before their proposal for removal or non-renewal of such firm of accountant. The board of directors shall give the reason to the shareholder. Firm of accountant has the right to present their opinion to general meeting. If the board of directors for proper reason removes a firm of accountant at the time other than the general meeting, the board of directors may temporary retain another firm of accountant, but such appointment shall be rectified by shareholders at the next general meeting.
- 3.10 Notice of shareholders' general meeting of which matters concerning the election of directors or supervisors will be discussed at the meeting shall disclose detailed information about the directors or supervisors to be elected and should at least include the following information:
- (1) Personal information including educational background, working experience, part-time jobs, and etc.;
  - (2) Any relationship with the Company, its controlling shareholder and actual controlling person of the Company (if any);
  - (3) Disclose the holding of shareholding of the listed companies;
  - (4) Any past record of being penalized by China Securities Regulatory Commission or other related departments and a stock exchange (if any).

Apart from taking cumulative voting system in the election of directors and supervisors, the election for each director and supervisor shall be put forth in single proposal.

#### **4 The Convening of Shareholders' General Meetings**

- 4.1 Shareholders' general meetings include annual shareholders' general meetings and extraordinary shareholders' general meetings. Shareholders' general meetings shall be convened by the Board. Annual shareholders' general meetings are required to be held once every year within six (6) months after the end of the previous financial year. Under any of the following circumstances, the board of directors shall convene an extraordinary general meeting within two months:
- 4.1.1 The number of directors is less than the number required by the Company Law or less than two-thirds of the number required by the Articles of Association;
- 4.1.2 The uncovered losses of the Company reach one third of total share capital;



- 4.1.3 Upon the requisition in writing of shareholders individually or collectively holding more than 10% of shares of the Company;
- 4.1.4 Whenever the board of directors deems necessary or the board of supervisors so requests.
- 4.1.5 Other circumstances stipulated by laws, administrative regulations, departmental rules or the Articles of Association.
- 4.2 Independent directors have the right to propose the Board to convene extraordinary general meetings. The board of directors shall reply in written form regarding the acceptance or refusal to convene an extraordinary general meeting within ten (10) days upon receiving the request in accordance with the requirements of the laws, administrative regulations and the Articles of Association.
- If the board of directors agrees to convene extraordinary general meeting, notice convening the meeting shall be issued within five (5) days after the Board resolved to do so. If the Board does not agree to convene extraordinary general meeting, reasons shall be explained and announced and announcement shall be made.
- 4.3 In case the supervisory committee decided to convene a general meeting on their own, it should inform the board of directors in writing and the board of directors shall according to the laws, administrative rules and regulations and the Articles of Association express its acceptance or refusal of the request within 10 days in writing with reasons on the convention of the general meeting.
- If the board of directors agrees to convene an extraordinary general meeting, a notice of general meeting will be made within 5 days after the decision of the board of directors. If there is any change to the original proposed resolutions, consent from the original proposers should be obtained.
- If the board of directors rejects the proposal from the supervisory committee to convene an extraordinary general meeting or fails to express board of directors' view within 10 days after receiving the request, it will be regarded that the board of directors does not or cannot discharge its duties to convene a general meeting. The supervisory committee may convene and chair such meeting on its own.
- 4.4 Shareholders individually or jointly holding more than 10% of Shares of the Company are entitled to request the board of directors in writing to convene an extraordinary general meeting. The board of directors shall, in accordance with the requirements of laws, administrative regulations and the Articles of Association, reply with a written opinion to state whether it agrees or disagrees to convene an extraordinary general meeting within 10 days upon receipt of the request. The aforesaid number of shares held shall be calculated as at the date of the written request by the shareholders.

If the board of directors agrees to convene the extraordinary general meeting, it shall issue a notice of convening the shareholders' general meeting within 5 days upon after the date of the resolution of the board of directors. Any changes made to the original proposal in the notice shall be agreed by the relevant shareholders.

If the board of directors disagrees to convene the extraordinary general meeting, or does not reply within 10 days upon receipt of the proposal, shareholders individually or jointly holding more than 10% of the Shares of the Company are entitled to propose supervisory committee to convene an extraordinary general meeting and request to supervisory committee in writing.

If the supervisory committee agrees to convene the extraordinary general meeting, it shall issue a notice of convening the shareholders' general meeting within 5 days upon receipt of the original requests. Any changes made to the original requests in the notice shall be agreed by the relevant shareholders.

If the supervisory committee does not issue the notice of general meeting within the prescribed period, it shall be deemed as the supervisory committee not convening and not holding the shareholders' general meeting. Then the shareholders individually or jointly holding more than 10% of the Shares of the Company for more than 90 consecutive days are entitled to convene and hold the meeting by themselves. The procedures for convening a general meeting shall be the same as possible as those for convening a general meeting by the board of directors, and the place of the meeting shall be the place where the Company is located.

- 4.5 Supervisory committee or shareholders, if decided to convene shareholders' general meetings on their own, shall inform the Board in writing and make filing with the stock exchange for record.

Prior to the publication of announcement of the shareholders resolutions, holding by the convening ordinary shareholders (including preference shareholders with restored voting rights) shall not be less than 10%.

Supervisory committee or shareholders convening the meeting shall provide relevant evidences to the stock exchange prior to issuing the notice of general meeting and announcing resolutions of the shareholders' general meeting.

- 4.6 The board of directors and the secretary to the board of directors shall cooperate with the supervisory committee or shareholders convening general meetings on their own. The board of directors will provide the register of shareholders as of the share capital registration day.

The Company will bear all the necessary costs for the shareholders' general meeting convened by the supervisory committee or shareholders on their own and shall be set off against any sums owed to the directors in default by the Company.

**5 NOTICE OF SHAREHOLDERS' GENERAL MEETINGS**

- 5.1 The Company will notify all shareholders 20 days before the annual general meeting and 15 days before the extraordinary shareholders' general meetings by way of announcement.
- 5.2 After the notice of the shareholders' general meetings is issued, the shareholders' general meetings shall not be postponed or cancelled without proper reasons, and the resolutions stated in the notice of the shareholders' general meetings shall not be cancelled. Once the meeting is postponed or cancelled, the convener shall make an announcement and explain the reasons at least two working days prior to the scheduled meeting date.
- 5.3 After a notice of a shareholders' shareholders' general meetings is given, the venue of the live conference of the shareholders' shareholders' general meetings shall not be changed. If it is necessary to change, the convener shall make an announcement and explain the reasons at least 2 trading days before the date of the on-site meeting.
- 5.4 Notice of the shareholders' general meetings shall:
- 5.4.1 be in writing;
- 5.4.2 Specify the place, date and time of the meeting;
- 5.4.3 State the matters to be discussed at the meeting;
- 5.4.4 Provide such information and explanation as are necessary for the shareholders to exercise an informed judgment on the resolutions before them. Without limiting the generality of the foregoing, where a resolution is made to amalgamate the Company with another, to repurchase shares, to reorganize the share capital, or to restructure the Company in any other way, the terms of the proposed transaction must be provided in detail together with copies of the proposed agreement, if any, and the cause and effect of such resolution must be properly explained;
- 5.4.5 Disclose the nature and extent of such interests if any director, supervisor, president or other senior management has material interests in the matters to be discussed. If the effect of the matters to be discussed on the directors, supervisors, president and other senior management as shareholders is different from that on other shareholders of the same class, the difference shall be explained;
- 5.4.6 Contain the full text of any special resolution proposed to be passed at the meeting;
- 5.4.7 Contain a conspicuous statement that a shareholder entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him and that a proxy need not be a shareholder;
- 5.4.8 Specify the time and place for the delivery of the written reply from the shareholders attending the shareholders' general meetings and the proxy form of the shareholders appointing proxies to attend the meeting.

- 5.4.9 The notice of shareholders' general meetings shall specify the share registration date. The interval between the equity registration date and the date of the meeting shall not be more than 7 working days. The equity registration date shall not be changed once it is confirmed.
- 5.4.10 Clearly state the time and procedures for voting online or by other means.
- 5.5 Notice of the shareholders' general meetings shall be served on the shareholders (whether or not entitled to vote at the meeting), by personal delivery or prepaid mail to their addresses as shown in the register of shareholders. For holders of domestic shares, notice of shareholders' general meetings may also be given by way of announcement. The aforesaid announcement shall be published in one or more newspapers designated by the securities regulatory authority of the State Council. Once the announcement is made, all holders of domestic shares shall be deemed to have received the notice of the relevant shareholders' general meetings.
- 5.6 The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the resolutions at that meeting.
- 5.7 An extraordinary shareholders' general meetings shall not decide on matters not stated in the notice.

## **6 Convening of the Shareholders' general meetings**

- 6.1 The venue of the shareholders' general meetings of the Company shall be the domicile of the Company. The shareholders' general meetings shall be held in the form of an on-site meeting. The Company shall provide convenience for the shareholders' attending the shareholders' general meetings by the provision of network voting. Shareholders attending the shareholders' general meetings in the aforesaid manner shall be deemed as present.
- Shareholders shall not be notified at the shareholders' general meetings of any material issues that have not been disclosed.
- 6.2 Shareholders shall attend the shareholders' general meetings with their stock account cards, identity cards or other valid documents or proof of identity. Any shareholder entitled to attend and vote at a shareholders' general meetings shall be entitled to appoint one or more persons (whether a shareholder or not) as his proxy to attend and vote instead of him. Such proxy so appointed according to the appointment made by the appointing shareholder may exercise the following rights:
- 6.2.1 The same right as the shareholder to speak at the meeting;
- 6.2.2 authority to demand on his own or join in demanding for a poll;
- 6.2.3 the right to vote by hand or on a poll, but if there are more than one proxies have been appointed, such proxies may only vote on a poll.

- 6.3 The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorized in writing, or if the appointor is a legal person either under seal or under the hand of a director or attorney duly authorized.
- 6.4 The instrument appointing a proxy shall be deposited at the domicile of the Company or at such other place as specified in the notice convening the meeting not less than 24 hours before the time for holding the meeting at which the proxy proposes to vote or the time specified for the voting. Where the proxy form is signed by a person authorized by the appointer, the power of attorney or other authorization documents shall be notarized. The notarized power of attorney or other authorization documents shall, together with the instrument appointing the voting proxy, be deposited at the Company's domicile or at such other place as specified in the notice convening the meeting. If the appointer is a legal person, its legal representative or any person authorized by resolutions of its board of directors or other governing body shall attend the shareholders' general meetings of the Company on its behalf.
- 6.5 A proxy attending the shareholders' general meetings on behalf of a shareholder shall produce his identity certificate and the instrument signed by the appointer or his legal representative, and the power of attorney or other authorization document shall specify the date of its issuance. If a corporate shareholder appoints its legal representative to attend the meeting, such legal representative shall produce his identity certificate and a notarially certified copy of the resolution of the board of directors or other governing body of the corporate shareholder appointing such legal representative.
- 6.6 Any form issued to a shareholder by the board of directors of the Company for appointing a proxy shall be in such form that enables the shareholder, according to his intention, to instruct the proxy to vote in favour of or against each resolution to be transacted at the meeting. Such a form shall contain a statement that in absence of any instructions the proxy may vote as he thinks fit.
- 6.7 A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the death or incapacity of the appointer or revocation of the appointment or revocation of the authority under which the instrument is signed, or the transfer of the shares in respect of which the proxy is given, provided that no notice in writing of the aforesaid matters is received by the Company before the commencement of such meeting.
- 6.8 The board of directors shall engage lawyers to attend the shareholders' shareholders' general meetings, or appoint notary personnel to attend the shareholders' shareholders' general meetings, and issue opinions and make announcements on the following issues:
- 6.8.1 Whether the procedures for convening and holding shareholders' general meetings are in compliance with the laws, administrative regulations, the Rules for Shareholders' general meetings and the Articles of Association;
- 6.8.2 The legality and validity of the qualifications of the attendees and convener;

- 6.8.3 Whether the voting procedures and results of the meeting are lawful and valid;
- 6.8.4 legal opinions on other issues as requested by the Company.
- 6.9 The convener and the lawyer of the meeting shall jointly verify the validity of the shareholders' qualifications based on the register of members, and shall register the names of the shareholders and the number of voting shares held by them. The registration for a meeting shall be completed before the chairman of the meeting announces the number of shareholders and proxies attending the meeting on site and the total number of voting shares held by them.
- 6.10 The board of directors, independent directors, shareholders holding more than one percent of the voting shares or investor protection institutions established in accordance with laws, administrative regulations or the provisions of the CSRC may publicly solicit their voting rights at the shareholders' general meetings. The solicitation of voting rights shall be conducted without consideration, and the specific voting intention and other information shall be fully disclosed to the solicited persons. Except for statutory conditions, the Company shall not impose any minimum shareholding restriction on the solicitation of voting rights.
- 6.11 All directors, supervisors and the secretary to the board of directors shall attend the shareholders' general meetings of the Company, and the president and other senior management shall be present at the meeting.
- 6.12 The shareholders' general meetings shall be chaired by the chairman of the board of directors. In the event that the chairman is incapable of performing or not performing his duties, the vice chairman shall preside over the meeting; in the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of the directors shall preside over the meeting.
- Shareholders' general meetings convened by the supervisory committee on their own shall be chaired by the chairman of the supervisory committee. In the event that the chairman of the supervisory committee is incapable of performing or not performing his duties, the vice chairman shall preside over the meeting; in the event that the vice chairman is incapable of performing or not performing his duties, a supervisor nominated by more than half of the supervisors shall preside over the meeting.
- A shareholders' general meetings convened by the shareholders on their own shall be presided over by a representative elected by the convener.
- 6.13 At the annual general meeting, the board of directors and the supervisory committee shall report their work in the past year to the shareholders' general meetings, and the independent Directors shall also make their work reports.
- 6.14 Directors, supervisors and senior management shall respond and explain to the inquiries made by shareholders at the shareholders' general meetings.

6.15 The chairman of the meeting shall, prior to voting, announce the number of shareholders and proxies attending the meeting and the total number of voting shares held by them. The number of shareholders and proxies attending the meeting and the total number of voting shares held by them shall be subject to the registration of the meeting.

6.16 The board of directors and other conveners shall take necessary measures to ensure the normal order of the shareholders' general meetings. Measures shall be taken to stop acts that interfere with the shareholders' general meetings, provoke troubles and infringe the legitimate rights and interests of shareholders, and report to relevant authorities for investigation and punishment in a timely manner.

## **7 Voting at the Shareholders' general meetings**

7.1 Resolutions of shareholders' general meetings shall be divided into ordinary resolutions and special resolutions. An ordinary resolution shall be passed by shareholders (including proxies) representing more than half of the votes represented by the shareholders (including proxies) present at the shareholders' general meetings. 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 shareholders' general meetings.

7.2 A shareholder (including proxy) when voting at a shareholders' general meetings may exercise voting rights in accordance with the number of shares carrying the right to vote and each share shall have one vote, unless otherwise provided in the Articles of Association. Shares held by the Company do not carry any voting rights and shall not be counted in the total number of voting shares held by shareholders present at a shareholders' general meetings.

7.3 The shareholder interested in the connected transaction shall abstain from voting and shall not be counted towards the total number of shares carrying voting rights at the shareholders' general meetings.

7.4 Except for the cumulative voting system, the shareholders' general meetings shall vote on all the proposals included in the agenda item one by one, and shall not suspend or refuse to vote for any reason except that the shareholders' general meetings is suspended or no resolution can be made due to force majeure or other special reasons. If there are different proposals on the same matter at the annual general meeting, such proposals shall be voted in the chronological order of proposing such proposals and resolved accordingly.

7.5 The same voting right can only be exercised by one of on-site voting, online voting or other means of voting. If the same voting right is exercised repeatedly, the first voting result shall prevail.

- 7.6 Shareholders attending the shareholders' general meetings shall express one of the following opinions on the proposals submitted for voting: for, against or abstain, except that the securities registration and clearing institution, as the nominal holder of shares under the Mainland-Hong Kong Stock Connect, makes a declaration according to the intentions of the actual holders.
- Blank, wrong, illegible or uncast votes shall be deemed as the voters' waiver of their voting rights, and the voting results representing the shares held by them shall be counted as "abstain".
- 7.7 The shareholders' shareholders' general meetings shall vote by show of hands. The chairman of the meeting shall announce the result of voting by show of hands on resolutions and record the same in the minutes of the meeting as the final basis. There is no need to prove the number or proportion of votes in favor of or against the resolutions passed at the meeting.
- 7.8 The following persons may demand a poll either before or after a show of hands and the demand for a poll may be withdrawn by the person who made the demand:
- 7.8.1 the chairman of the meeting;
- 7.8.2 at least two shareholders with voting rights or their proxies;
- 7.8.3 One or more shareholders (including their proxies) individually or jointly holding more than ten percent (including ten percent) of the shares carrying the right to vote at the meeting.
- 7.9 A poll demanded on the election of the chairman of the meeting, or on a question of adjournment of the meeting, shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs, and any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll. The result of the poll shall be deemed to be a resolution of the meeting at which the poll was demanded.
- 7.10 On a poll taken at a meeting, a shareholder (including proxy) entitled to two or more votes need not cast all his votes in the same way. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting shall be entitled to an additional vote.
- 7.11 The following matters shall be approved by ordinary resolutions at a shareholders' general meetings:
- 7.11.1 work reports of the board of directors and the supervisory committee;
- 7.11.2 Profit distribution plans and loss recovery plans formulated by the board of directors;
- 7.11.3 Removal of members of the board of directors and the supervisory committee and their remuneration and method of payment;



- 7.11.4 Annual preliminary and final budgets, balance sheets, income statements and other financial statements of the Company;
- 7.11.5 annual report of the Company;
- 7.11.6 Matters other than those required by the laws, administrative regulations or the Articles of Association to be adopted by special resolution.
- 7.12 The following matters shall be approved by special resolutions at a shareholders' general meetings:
  - 7.12.1 The increase or reduction of the Company's share capital and the issue of shares of any class, warrants and other similar securities;
  - 7.12.2 Issuance of corporate bonds;
  - 7.12.3 Division, spin-off, merger, dissolution and liquidation of the Company;
  - 7.12.4 amendments to the Articles of Association;
  - 7.12.5 Purchase or sale of material assets or provision of guarantee by the Company within one year with an amount exceeding 30% of the latest audited total assets of the Company;
  - 7.12.6 Equity incentive plans and employee stock ownership plans;
  - 7.12.7 Other matters considered by the shareholders' general meetings, by way of an ordinary resolution, to be of a nature which may have a material impact on the Company and should be adopted by a special resolution.
- 7.13 Before a resolution is voted on at the shareholders' general meetings, two shareholder representatives shall be elected to participate in vote counting and scrutinizing. Where any shareholder is related to any matter to be considered, the relevant shareholder and his/her proxy shall not participate in vote counting or scrutinizing.

When the shareholders' general meetings votes on proposals, lawyers, shareholder representatives and supervisor representatives shall be jointly responsible for vote counting and scrutinizing.

Shareholders of the Company or their proxies who vote online or by other means shall have the right to check their voting results through the corresponding voting system.
- 7.14 Where a certified public accountant issues an audit report with explanatory statement, qualified opinion, disclaimer of opinion or adverse opinion on the Company's financial report, the board of directors of the Company shall explain to the shareholders' general meetings the matters leading to the above opinion issued by the accountant and the impact on the Company's financial position and operating conditions. If the matter has a direct impact on the profit for the current period, the board of directors of the Company shall determine the profit distribution plan or the plan for conversion of capital reserve into share capital according to the lower principle.

- 7.15 The shareholders' shareholders' general meetings shall vote on the candidates for directors and supervisors one by one when considering the resolutions for election of directors and supervisors. If the resolution of re-election of directors and supervisors is approved, the new directors and supervisors shall take office immediately after the conclusion of the meeting.
- 7.16 The board of directors of the Company shall ensure that the shareholders' general meetings is held continuously within reasonable working hours until final resolutions are reached. If the shareholders' general meetings cannot be convened normally or any resolutions cannot be made due to force majeure or other abnormal reasons, the board of directors of the Company shall explain the reasons to the stock exchange and make an announcement. The board of directors of the Company is obliged to take necessary measures to convene the shareholders' general meetings as soon as possible.
- 7.17 The contents of each resolution of the shareholders' general meetings shall comply with the laws and the Articles of Association. Directors attending the meeting shall faithfully perform their duties, ensure the truthfulness, accuracy and completeness of the contents of the resolutions, and shall not use expressions that are likely to cause ambiguity. Where a resolution of the shareholders' shareholders' general meetings violates the laws, administrative regulations or infringes the lawful rights and interests of the shareholders, the shareholders shall have the right to initiate civil proceedings in the people's court in accordance with the law.

## **8 Special Procedures for Voting by Class Shareholders**

- 8.1 Shareholders holding different classes of shares shall enjoy rights and assume obligations in accordance with laws, administrative regulations and the Articles of Association.
- 8.2 Rights conferred on any class of shareholders in the capacity of shareholders may not be varied or abrogated unless approved by a special resolution of shareholders in shareholders' general meetings and by holders of shares of that class so affected at the shareholders' general meetings conducted in accordance with Articles 8.4 to 8.8 respectively.
- 8.3 The following circumstances shall be deemed to be a variation or abrogation of the rights of a certain class of shareholders;
- 8.3.1 To increase or decrease the number of shares of such class, or increase or decrease the number of shares of a class having the same or more rights on voting, distributions or other privileges;
- 8.3.2 To effect an exchange of all or part of the shares of such class with another class or to effect an exchange of all or part of the shares of another class with the shares of such class or to grant the rights of such an exchange;
- 8.3.3 To cancel or reduce the vested rights to accrued dividends or rights to cumulative dividends of such class;

- 8.3.4 To reduce or cancel the preferential rights vested with such class in claiming the dividends or the distribution of properties in liquidation of the Company;
- 8.3.5 To increase, cancel or reduce the rights on conversion of shares, options, voting rights, transfer or pre-emptive rights or rights to acquire securities of the Company of such class;
- 8.3.6 To cancel or reduce the rights of such class to receive any monies payable in a particular currency by the Company;
- 8.3.7 To create a new class of shares having the same or more rights on voting, distributions or other privileges than that of such class;
- 8.3.8 To restrict or enhance the restriction on the transfer or ownership of the shares of such class;
- 8.3.9 To issue options or rights on conversion of shares of such class or another class of shares;
- 8.3.10 To increase the rights or privileges of another class;
- 8.3.11 To reorganize the Company where the proposed reorganization with result in different classes of shareholders undertaking liabilities not in a proper proportion;
- 8.3.12 To amend or abrogate the provisions of this chapter.
- 8.4 Shares of the affected class, whether or not otherwise having the voting rights at the shareholders' shareholders' general meetings, shall nevertheless have the voting right at class meetings in respect of matters concerning paragraphs 8.3.2 to 8.3.8, 8.3.11 to 8.3.12, but interested shareholder(s) shall not be entitled to vote at such class meetings. The aforesaid "interested shareholder" shall have the meaning ascribed to it in the Articles of Association.
- 8.5 A resolution passed in a class meeting shall only be passed by more than two-third of the shares with voting rights of shareholders of that class pursuant to the preceding Article.
- 8.6 When the Company is to hold a class meeting, it shall notify all of the shareholders in the share register of the class with reference to item 5.1 and the date and place of the meeting.
- 8.7 Notice of the class meeting shall be given to the shareholders who are entitled to vote in such meeting. The proceedings in class meeting shall be as same as possible to that of the proceedings in a shareholders' shareholders' general meetings and the articles related to the proceedings of a shareholders' shareholders' general meetings provided in these Articles shall apply to the class meeting.
- 8.8 In addition to holders of other classes of shares, holders of domestic shares and overseas listed foreign shares are deemed to be shareholders of different classes. The special procedures for voting by class shareholders shall not apply in the following circumstances:
- (1) Where the Company issues, upon the approval by a special resolution of its shareholders in shareholders' general meetings, either separately or concurrently once every 12 months, not more than 20 per cent. of each of its existing issued domestic shares and overseas listed foreign shares.

(2) where the Company's plan to issue domestic shares and overseas listed foreign shares at the time of its establishment is carried out within 15 months from the date of approval by the securities regulatory authorities of the State Council.

**9 Minutes and announcements of shareholders' general meetings**

9.1 Minutes of shareholders' general meetings shall at least include:

9.1.1 Time, place, agenda of the meeting and the name of the convener;

9.1.2 The names of the chairman of the meeting and the directors, supervisors, president and other senior management members present or in attendance at the meeting;

9.1.3 The number of shareholders and proxies present at the meeting, the total number of voting shares held by them and the proportion to the total number of shares of the Company;

9.1.4 The consideration process, key points of speech and voting results of each proposal;

9.1.5 Inquiries or suggestions of shareholders and corresponding replies or explanations;

9.1.6 Names of lawyers, vote counters and scrutineers;

9.1.7 Other contents required by the Articles of Association to be recorded in the minutes.

9.2 The chairman of the meeting shall be responsible for deciding whether or not a resolution of the shareholders' general meetings has been passed. His decision shall be final and conclusive and shall be announced at the meeting and recorded in the minutes of the meeting.

9.3 If the chairman of the meeting has any doubt as to the result of a resolution put to the vote, he may have the votes counted. If the chairman of the meeting has not counted the votes, any shareholder who is present in person or by proxy and who objects to the result announced by the chairman of the meeting may, immediately after the declaration of the result, demand that the votes be counted and the chairman of the meeting shall have the votes counted immediately.

9.4 If votes are counted at a shareholders' general meetings, the result of counting shall be recorded in the minutes of the meeting. Directors, supervisors, secretary to the board of directors, convener or his/her representative and the chairman of the meeting shall sign on the minutes of the meeting and ensure that the contents of the minutes are true, accurate and complete. The minutes together with the attendance record of the attending shareholders and the proxy forms shall be kept by the secretary to the board of directors at the Company's domicile and shall not be destroyed within 10 years.

9.5 The secretary to the board of directors shall disclose the resolutions of the shareholders' general meetings in accordance with the requirements of relevant laws and regulations.

- 9.6 The announcement of the resolutions of the shareholders' general meetings shall specify the number of shareholders (and proxies) present at the meeting, the number of shares held by them (proxies) and the proportion to the total number of voting shares of the Company, the voting method, the voting results of each resolution and the opinions of the appointed lawyers. The resolution on shareholders' resolutions shall state the name of the proposing shareholder, shareholding ratio and content of the resolution.
- 9.7 If the resolutions are not passed or the resolutions of the previous shareholders' general meetings are changed at the current shareholders' general meetings, the board of directors shall make explanations in the announcement of the resolutions of the shareholders' general meetings.
- 9.8 The announcement of the resolutions of the shareholders' general meetings shall be published in the media designated by the CSRC for disclosing information of listed companies.
- 10 Supplementary provisions**
- 10.1 The Company shall adhere to the principle of simplicity when convening a shareholders' general meetings and shall not give additional economic benefits to the shareholders (or proxies) attending the meeting.
- 10.2 Shareholders may inspect copies of the meeting minutes free of charge during office hours of the Company. If any shareholder demands from the Company a copy of the relevant meeting minutes, the Company shall send the copy within 7 days upon receipt of reasonable charges.
- 10.3 The board of directors may, in accordance with the provisions of relevant laws and regulations and the actual situation of the Company, amend the Rules of Procedures and submit the same to the shareholders' general meetings for approval.
- 10.4 Matters not covered in these Articles shall be executed in accordance with relevant laws and regulations, regulatory documents and the Articles of Association. In case of any conflict between these Articles and any future laws and regulations, regulatory documents or the Articles of Association as amended by legal procedures, such laws and regulations and the Articles of Association shall prevail.