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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)

**ANNOUNCEMENT
IN RELATION TO THE AMENDMENTS TO THE RESTRICTED
A SHARE INCENTIVE SCHEME FOR 2019 (DRAFT) AND
CONFIRMATION OF THE LIST OF PARTICIPANTS WHO ARE
CONNECTED PERSONS THEREUNDER**

Reference is made to the announcement of Dongfang Electric Corporation Limited (the “**Company**”) dated 5 September 2019 in relation to the proposed adoption of the Restricted A Share Incentive Scheme for 2019 by the Company. Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meaning as those defined in the announcement dated 5 September 2019.

Proposed amendments to the Incentive Scheme (Draft)

In order to further optimize the Incentive Scheme, ensure the smooth implementation of the Incentive Scheme and bring out the practical functions of the Incentive Scheme, on 27 September 2019, the Company convened the 19th meeting of the ninth session of the Board of Directors and the 12th meeting of the ninth session of the Supervisory Committee, at which the Company's Restricted A Share Incentive Scheme for 2019 (Amended Draft) (the "Incentive Scheme (Amended Draft)") was considered and approved.

The contents of the major amendments to the Incentive Scheme (Amended Draft) are as follows:

1. Adding the specific list of connected persons for the First Grant in "Chapter IV Basis for determining and the scope of the Participants"

The contents added:

IV. List of connected persons for the First Grant

The Participants for the proposed First Grant under the Incentive Scheme include connected persons of the Company recognized under relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The specific list is as follows:

No.	Name	Reason for being a connected person	Number of the Restricted Shares to be granted (<i>'0,000 Shares</i>)	Proportion in the total number of Restricted Shares	Proportion in the total share capital of the Company
1	Gong Dan	Senior management of the Company	15	0.50%	0.0049%
2	Gao Feng	Senior management of the Company	15	0.50%	0.0049%
3	Chen Huan	Senior management of the Company	15	0.50%	0.0049%
4	Liu Hui	Director of a subsidiary	8	0.27%	0.0026%
5	He Jianhua	Director of a subsidiary	8	0.27%	0.0026%
6	Chen Yu	Director of a subsidiary	8	0.27%	0.0026%
7	Li Yunjun	Director of a subsidiary	8	0.27%	0.0026%
8	Lan Xiangjun	Director of a subsidiary	8	0.27%	0.0026%
9	Luo Shengming	Director of a subsidiary	8	0.27%	0.0026%
10	Xu Changjian	Director of a subsidiary	5	0.17%	0.0016%
11	Hu Jun	Director of a subsidiary	8	0.27%	0.0026%

No.	Name	Reason for being a connected person	Number of the Restricted Shares to be granted (‘0,000 Shares)	Proportion in the total number of Restricted Shares	Proportion in the total share capital of the Company
12	Zheng Xingyi	Director of a subsidiary	5	0.17%	0.0016%
13	Gong Xueqing	Supervisor of a subsidiary	2	0.07%	0.0006%
14	Hu Xiukui	Director of a subsidiary	8	0.27%	0.0026%
15	Tang Yong	Director of a subsidiary	8	0.27%	0.0026%
16	Xia Xiaoqiang	Director of a subsidiary	8	0.27%	0.0026%
17	Huo Suoshan	Director of a subsidiary	8	0.27%	0.0026%
18	Chen Li	Supervisor of a subsidiary	6	0.20%	0.0019%
19	Cai Tongzhou	Director of a subsidiary	8	0.27%	0.0026%
20	Wang Xu	Director of a subsidiary	8	0.27%	0.0026%
21	Gao Yong	Supervisor of a subsidiary	6	0.20%	0.0019%
22	Luo Zhigang	Director of a subsidiary	2	0.07%	0.0006%
23	Chen Qiang	Director of a subsidiary	8	0.27%	0.0026%
24	Xu Ping	Supervisor of a subsidiary	5	0.17%	0.0016%
25	Ping Huiqiong	Director of a subsidiary	3	0.10%	0.0010%
26	Liu Li	Director of a subsidiary	3	0.10%	0.0010%
27	Tang Jianguo	Director of a subsidiary	5	0.17%	0.0016%
28	Ji Ping	Director of a subsidiary	7.5	0.25%	0.0024%
29	Huang Yong	Director of a subsidiary	8	0.27%	0.0026%
30	Wang Zhiwen	Supervisor of a subsidiary	8	0.27%	0.0026%

2. Adding the specific description of extreme values of the samples in “Chapter VIII Conditions of grant and unlocking of Restricted Shares/II. Unlocking conditions for Restricted Shares/(V) Achieving the Company’s level performance appraisal targets/2. Selection of industry peers in respect of grant of Restricted Shares and unlocking appraisal”

The added contents are as follows:

Identification of the material changes in the principal business of industry peers is primarily based on the changes in the industry classification regarding listed companies where the principal business of industry peers belongs (for specific classification, please refer to the Guidelines for the Industry Classification of Listed Companies (2012 Revision) issued by the CSRC) (subject to the public information) arising from the business reorganisation and operation strategy adjustment of such enterprises from the base year (i.e. 2018) to the end of the evaluation year corresponding to each Unlocking Period.

Identification of extreme values with overly excessive performance variation in the samples mainly depends on whether there is an absolute difference of at least 100% between the compound growth rate of net profits and/or the return on net assets attributable to shareholders of listed companies and the average levels of the general equipment manufacturing industry of such enterprises from the base year (i.e. 2018) to the end of the evaluation year corresponding to each Unlocking Period.

The opinions of the Supervisory Committee on the amendments to the Incentive Scheme (Amended Draft)

The Supervisory Committee is of the view that the contents of the amended Restricted A Share Incentive Scheme for 2019 (Amended Draft) of the Company and its summary are in compliance with the requirements of the Company Law, the Securities Law, the Administrative Measures, the Trial Measures, relevant laws, regulations and regulatory documents as well as the Articles of Association. The revised procedures are legal and compliant and there are circumstance which are detrimental to the interests of the Company and all Shareholders. The Supervisory Committee agrees with the Incentive Scheme (Amended Draft) and its summary.

The opinions of the independent non-executive directors on the amendments to the Incentive Scheme (Amended Draft)

1. The amendments to the Incentive Scheme (Draft) and its summary of the Company are in compliance with the requirements of the Administrative Measures, the Trial Measures, other relevant laws, regulations and regulatory documents and the approval procedures are legal and compliant.
2. There is no circumstance under which the Company is forbidden to implement the share incentive scheme as prescribed in the Administrative Measures, the Trial Measures and other laws and regulations. The Company is qualified to implement the share incentive scheme.
3. The contents of the Incentive Scheme (Amended Draft) and its summary of the Company complies with the requirements of the Company Law, the Administrative Measures, the Trial Measures, other relevant laws, regulations and the Articles of Association, they are beneficial to promoting the Company's business development, improving of the Company's incentive and restraint mechanism and taking full advantage of the motivation functions of the Incentive Scheme on the directors, senior and middle management and frontline leaders of the Company, thereby improving the performance of the Company and promoting the sustainable and healthy development of the Company as detriment to the interests of the Company and all Shareholders.

4. Participants determined under the Incentive Scheme are all in compliance with the requirements regarding position qualifications specified in the Company Law, the Securities Law and the Articles of Association, as well as the actual needs of the Company's business development. At the same time, there is no circumstance under which all Participants are forbidden to be granted Restricted Shares stipulated by the Administrative Measures and the Trial Measures, other relevant laws and regulations, and their subject qualification as Participants is legal and effective.
5. The Company does not have any plans or arrangements to provide loans, loan guarantees or any other financial assistance to the Participants.

As certain Participants of the First Grant under the Incentive Scheme and the Incentive Scheme (Amended Draft) are chief executives of the Company, directors and supervisors of the Company's subsidiaries, they are connected persons of the Company pursuant to Chapter 14A of the Listing Rules (but not including persons who are not regarded as connected persons of the Company pursuant to Rule 14A.09 of the Listing Rules). Accordingly, the Grant of Restricted Shares to Participants who are connected persons contemplated under the Incentive Scheme will constitute a non-exempt connected transaction of the Company which is subject to reporting, announcement and independent shareholders' approval. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save as disclosed in this announcement, the Participants of the First Grant are not connected persons of the Company.

The Board is of the view that the Incentive Scheme (Amended Draft) is in compliance with the requirements of relevant laws and regulations and is in the interests of the Company and the Shareholders on the whole.

The Company will consider and approve the adoption of the Incentive Scheme (Revised), which contains the proposed grant of Restricted Shares to the Participants who are connected persons of the Company, at the extraordinary general meeting and the A Share and H Share Class Meetings to be convened on 22 November 2019 in due course. A circular containing details of the resolution, the details of the Incentive Scheme (Amended Draft), letters of opinion to the Independent Shareholders from the Independent Board Committee and Independent Financial Advisor in relation to the proposed grant of Restricted Shares to the Participants who are connected persons under the Incentive Scheme (Amended Draft), will be dispatched to the Shareholders in accordance with the requirements of the Listing Rules in due course.

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

Chengdu, Sichuan, the People's Republic of China
27 September 2019

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

Directors: *Zou Lei, Yu Peigen, Huang Wei, Xu Peng and Bai Yong*

Independent Non-executive Directors: *Gu Dake, Xu Haihe and Liu Dengqing*