



東方電機股份有限公司
Dongfang Electrical Machinery Company Limited

(a joint stock company established in the People's Republic of China with limited liability)

(Stock Code: 1072)

**Supplemental Announcement in relation to the resolutions passed
at the second 2005 Extraordinary General Meeting**

The Board announces that the change of international auditors will take effect from 22 December 2005 and the outgoing auditors confirmed that there was no matter in relation to their resignation which they considered necessary to be brought to the attention of the creditors or the shareholders of the Company.

The board of directors (the "Board") of Dongfang Electrical Machinery Company Limited (the "Company") announced that the shareholders of the Company have passed a resolution to appoint ShineWing (HK) CPA Limited ("ShineWing (HK)") as the international auditor of the Company in the announcement dated 22 December 2005 (the "Announcement").

The appointment of ShineWing (HK) will be effective from 22 December 2005, and the outgoing international auditor of the Company, Ho and Ho & Company ("Ho & Ho") has tendered its resignation to the Company.

ShineWing (HK) was established as Ho & Ho has recently joined ShineWing Certified Public Accountants in China. ShineWing (HK) will hold office until the conclusion of the forthcoming annual general meeting of the Company. Ho & Ho confirmed that there was no matter in relation to their resignation which they considered necessary to be brought to the attention of the creditors or the shareholders of the Company.

The Board also rectifies the clerical error in the Announcement. In relation to resolution approving the Continuing Connected Transactions and the Proposed Cap, the number of shares carrying voting rights held by the independent shareholders attending the meeting was 56,512,487 (which was misstated as 56,512,48 in the English version of the Announcement) and the number of shares that have been voted for the resolution was 44,400,487 (which was misstated as 44,440,487).

The Board clarifies that in addition to Dongfang Electrical Machinery Works, the connected shareholder of the Company holding 220 million non circulating shares of the Company (representing 48.89% of the total number of shares of the Company carrying voting rights), the associate of Dongfang Electrical Machinery Works holding another 2,000 shares, as expressed in the circular to the Shareholders, has in fact refrained and abstained from voting to approve the resolution in relation to the Continuing Connected Transaction and the Proposed Cap. The relevant provisions of the Listing Rules relating to connected transactions require that only the independent shareholders shall have the rights to attend and vote for or against the resolutions at the Meeting. The independent shareholders hold the total number of 229,998,000 shares (51.11% of the total number of shares of the Company carrying voting rights) entitling the holder to attend and vote for or against the resolution at the Meeting.

The total number of shares entitling the holder to attend the Meeting and vote for or against the resolutions, other than the resolution to approve the Continuing Connected Transaction and the Proposed Cap, was 450 million shares.

Dongfang Electric Machinery Company Limited
Board of directors

28 December 2005

At the date of this announcement, the Directors of the Company are:

- (1) Directors: Liu Shigang, Zhu Yuanchao, Li Hongdong, Gong Dan, Han Zhiqiao and Fu Haibo;*
- (2) Independent Non-executive Directors: Chen Zhangwu, Zheng Peimin and Xie Songlin.*

Please also refer to the published version of this announcement in The Standard / Wen Wei Po.