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哈尔滨电气股份有限公司

HARBIN ELECTRIC COMPANY LIMITED

(incorporated in the People's Republic of China with limited liability)

(Stock Code: 1133)

CROSS-ACQUISITION OF THEIR RESPECTIVE EQUITY INTERESTS IN JOINT VENTURES

BY

HARBIN ELECTRICAL MACHINERY COMPANY LIMITED

AND

GENERAL ELECTRIC COMPANY

Harbin Electric Company Limited (the “Company”) hereby announces that at the board meeting of the Company held on 26 June 2013, the cross-acquisition of their respective 49% equity interests in joint ventures by Harbin Electrical Machinery Company Limited (the “Machinery Company”, a subsidiary of the Company) and General Electric Company (“GE”) was approved.

In 2010, Machinery Company in association with GE funded to formed the joint venture, namely HE-GE Wind Energy (Jiangsu) Company Limited (the “Jiangsu Company”). The registered capital of Jiangsu Company is RMB365 million of which Machinery Company contributed RMB186 million, representing a 51% equity interest, while GE contributed RMB179 million, representing a 49% equity interest. Meanwhile, by acquiring a 49% equity interest of GE Energy (Shenyang) Co., Ltd. at a consideration of RMB154 million (equivalent to US\$23.4 million), Machinery Company obtained a 49% shareholding and GE controlled the remaining 51% upon completion of the acquisition. GE Energy (Shenyang) Co., Ltd. was renamed GE HE Wind Energy (Shenyang) Company Limited.

In view of market developments and their respective development strategies, Machinery Company has negotiated with GE and both parties agreed to terminate the joint venture agreement. Cross-acquisition of their respective equity interests in joint ventures by both parties will take place, i.e. the Machinery Company would acquire the 49% equity interest in Jiangsu Company from GE, at the same time, GE would acquire the 49% equity interest in Shenyang Company from Machinery Company. The above shareholding acquisition shall occur and take effect simultaneously, eventually turning the status of their respective joint venture companies into that of a wholly-owned subsidiary.

According to the preliminary valuation, the price of 49% equity interest in HE Wind Energy shall be RMB126.54 million, while that for the 49% equity interest in Shenyang Company shall be RMB204.59 million. Such price is subject to valuation by the asset valuation institute and confirmation from both parties.

The transaction is subject to any relevant procedures in accordance to related national laws and regulations.

By order of the Board
Harbin Electric Company Limited
Gao Xu-Guang
Company Secretary

Harbin, PRC, 26 June 2013

As at the date of this announcement, the executive directors of the Company are Mr. Wu Wei-zhang, Mr. Zhang Ying-jian, Mr. Song Shi-qi and Mr. Shang Zhong-fu; the non-executive directors of the Company are Mr. Gong Jing-kun and Mr. Zou Lei; and the independent non-executive directors of the Company are Mr. Sun Chang-ji, Mr. Jia Cheng-bing, Mr. Yu Bo and Mr. Liu Deng-qing.