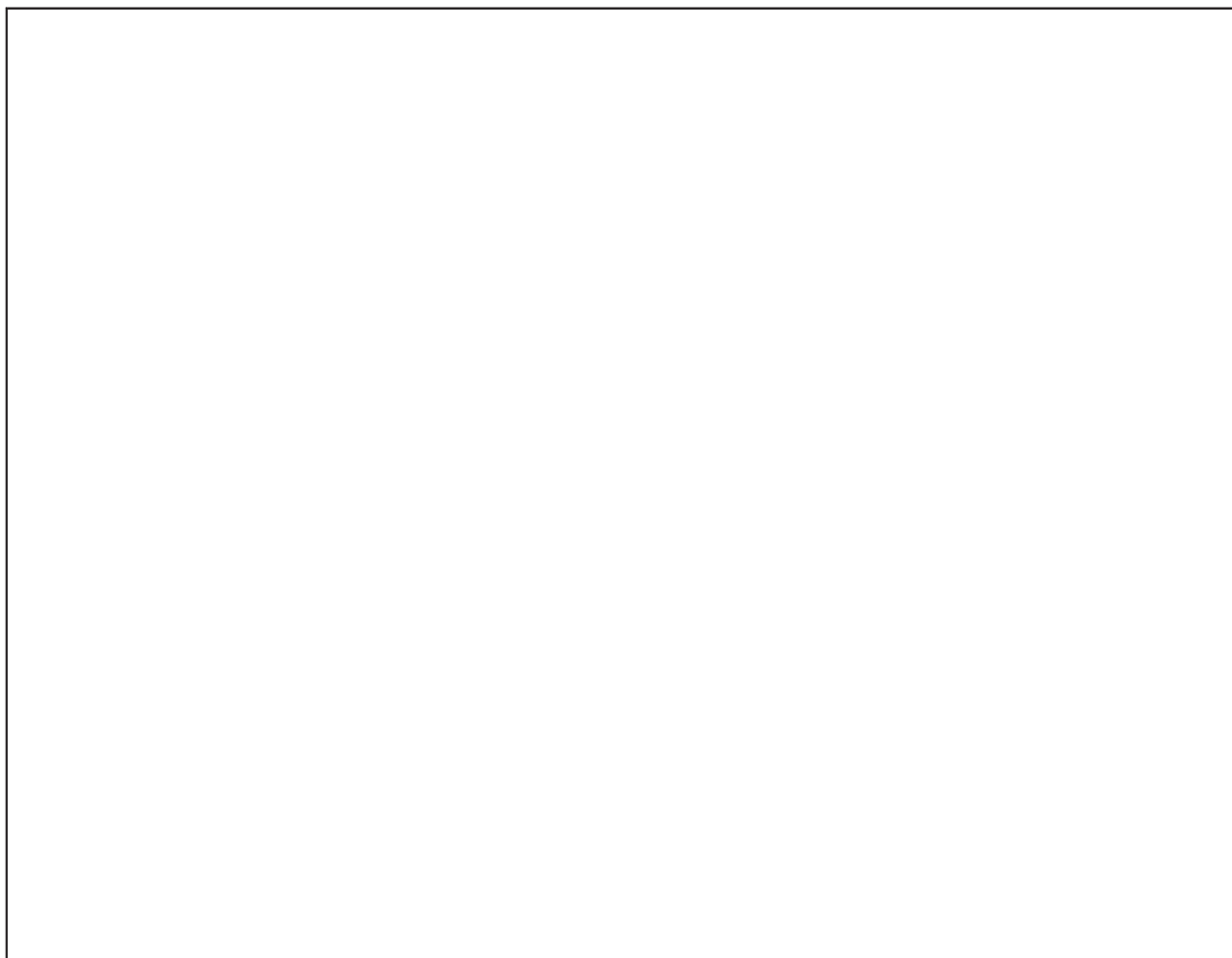


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哈尔滨



ACQUISITION OF PROPERTY AND LAND

On 29 January 2016, the Board of the Company has considered and approved the acquisition of the property and land from Haguo Property by Boiler Company. Principal terms are as follows:

I. PARTIES

Purchaser: Boiler Company.

Vendor: Haguo Property.

Date of transaction: the Acquisition of Property and Land will be effected upon approval of the Board.

II. SUBJECT

Boiler Company proposed to acquire Haguo Property's six factories area and self-owned office area. The total gross floor area of the properties is 14,121.21 square meters and the total site area is 12,292.16 square meters.

(1) Six factories area

A building is erected on the area, including production zone and office zone with gross floor area of 9,198.8 square meters and a site area of 6,032 square meters.

(2) Self-owned office area

A total of six buildings are erected on the area, including production zone and office zone with gross floor area of 4,922.41 square meters and a site area of 6,260.16 square meters.

III. REASONS FOR THE ACQUISITION OF PROPERTY AND LAND

The Acquisition of Property and Land is beneficial to Boiler Company for expanding its production and operation premises, enlarging and consolidating the area of the factory zone. The production capacity of its main products such as nuclear power-related products will be enhanced through planning and adjustment of technological layout so as to satisfy Boiler Company's needs for diversification into new segments as part of its long term development.

IV. METHOD AND CONSIDERATION OF ACQUISITION

(1) Method of acquisition

The consideration will be settled by cash. Boiler Company will implement the transaction with the transferor on equity exchange market.

(2) *Consideration of the acquisition*

Based on the valuation reports issued by a qualified asset appraisal company, the

“Harbin Electric”	Harbin Electric Corporation (哈爾濱電氣集團公司), a state-owned enterprise and the controlling shareholder of the Company;
“Boiler Company”	Harbin Boiler Company Limited* (哈爾濱鍋爐廠有限責任公司), a subsidiary of the Company;
“Haguo Property”	Harbin Haguo Property Development Company Limited* (哈爾濱哈鍋業開發公司), a wholly-owned subsidiary of Harbin Electric;
“subsidiary(ies)”	the meaning ascribed to it under the Listing Rules;
“connected person(s)”	the meaning ascribed to it under the Listing Rules;
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan;
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“RMB”	Renminbi, the lawful currency of the PRC.

By order of the Board
Harbin Electric Company Limited
Ai Li-song
Company Secretary

Harbin, the PRC

29 January 2016

As at the date of this announcement, the executive directors of the Company are Mr. Wu Wei-zhang, Mr. Zhang Ying-jian and Mr. Song Shi-qi; the non-executive director of the Company is Mr. Zou Lei; and the independent non-executive directors of the Company are Mr. Yu Bo, Mr. Liu Deng-qing and Mr. Yu Wen-xing.

* *for identification purpose only*