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Maturity:	not more than 5 years, can be single term or multiple term, subject to determination by the Board and the underwriter according to the Company's capital requirement and prevailing market conditions at the time of issue
Listing:	Shanghai Stock Exchange, or such other exchange as may be permitted under applicable laws subject to the approval of relevant authorities
Use of proceeds:	General working capital, repayment of liabilities, improving the Company's debt structure and/or investment in construction projects, depending on the Company's capital requirements at the relevant time

The Shareholders' resolution approving the issue of the Corporate Bonds will be effective from the date of Shareholders' approval at the general meeting of the Company and up to the date falling 24 months after the CSRC approval of the issue of the Corporate Bonds.

The Board resolved to propose to the Shareholders the following resolutions to approve and grant such mandate to the Board to handle all matters in relation to the issuance of the Corporate Bonds at their full discretion, with the view to safeguarding the best interests of the Company in accordance with the requirements of the relevant laws and regulations and taking into account the then prevailing capital requirements of the Company and market conditions, including but not limited to:

- (a) to determine and adjust, depending the needs of the Company and the prevailing market conditions and in accordance with the requirements of the relevant laws and regulations and securities regulatory authorities and the Shareholders' approval, the specific plans of the issue of Corporate Bonds, including but not limited to, issue size, bond term, bond type, interest rate and ways of determination, timing of issue, issue tranche(s) and guarantee arrangement;
- (b) to appoint the relevant intermediaries, select the bond custodian, sign the bond custody agreement and formulate the bondholders meeting procedures;
- (c) to handle the application of the issue of Corporate Bonds;
- (d) prepare, approve, execute, amend, announcement all legal documents in relation to the issue of Corporate Bonds, and to make such supplement or amendment to the application documents as may be required by the relevant appro02(o)-31.1202(l)-2.7411(72(s)-27.577

- (h) to further authorise Wu Wei-zhang, an executive Director and general manager of the Company, to handle the above matters in relation to the issue and listing of the Corporate Bonds on behalf of the Company.

The above mandate will be effective from the date of approval of the Shareholders at the general meeting of the Company until the date of the completion of the above matters.

The Board also resolved to propose for the approval by the Shareholders authorisation to the Board that at least the following measures will be taken if it is anticipated that the principal and/or interest of the Corporate Bonds cannot be duly paid:

- (a) no profit will be distributed to the Shareholders;
- (b) the implementation of capital expenditure projects such as major external investment, merger and acquisitions will be temporarily suspended;
- (c) the payment of remuneration/salaries and bonus to the Directors and senior management will be reduced or suspended; and
- (d) the persons primarily responsible for the issue of the Corporate Bonds will not be transferred or removed.

A circular containing, among other things, details of the proposed issue of Corporate Bonds together with the notice of the EGM will be dispatched to the Shareholders in due course.

By order of the Board
Harbin Electric Company Limited
LIU Zhi-quan
Company Secretary

17 August 2012, Harbin, PRC

As at the date of this announcement the non executive directors of the Company are Mr Gong Jing kun Mr Zou Lei and Mr Du n Hong yi the executive Directors are Mr u ei zh ng and Mr Sh ng Zhong fu and the independent non executive directors are Mr Sun Ch ng ji Mr Ji Cheng ing Ms Li He jun Mr Yu Bo and Mr Liu Deng qing