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哈尔滨动力设备股份有限公司

HARBIN POWER EQUIPMENT COMPANY LIMITED

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code:1133)

Issues about the Cooperation with General Electric Company on Wind Power Development, Acquisition Shareholding and Set Up Joint Venture Company

On 26 September, 2010, Harbin Electric Machinery Company Limited (hereinafter referred to as HEC), not a wholly-owned subsidiary of the company, and General Electric Company (hereinafter referred to as GE) have signed an agreement to develop wind power business cooperatively. HEC will investment 160 million RMB for the acquisition of 49% shareholding of GE Energy (Shenyang) Co., Ltd which is a subsidiary of GE PACIFIC PTE. LTD. After the acquisition, the company will change its name as GE & HE wind power (Shenyang) Co., Ltd., (hereinafter referred to as Shenyang Company). Meanwhile, HEC will input 186 million RMB to cooperate with GE's General Electric (China) Co. , Ltd.(hereinafter referred to as GE China) to found Harbin Electric and General Electric wind power (Jiangsu) Co. , Ltd. (hereinafter referred to as Jiangsu Company) in Zhenjiang, Jiangsu Province. HEC will have 51% shareholdings and GE China will have 49%.The issues stated above shall become effective on the date of announcement.

1 Cooperation background

Developing wind power conform to Chinese government's policy guidance and inevitable business development trend of world large generating equipment manufacturers since wind energy is renewable and clean. In order to accelerate the development of wind power business, approved by the board of directors, Harbin Electric Machinery Company Limited, not a wholly-owned subsidiary of the company, will cooperate with General Electric Company to develop wind power business.

2. Collaborative Model

In this cooperation, total investment amount of HEC is 346 million RMB. Collaborative models are as follows:

(1) HEC will purchase part shareholding of General Energy (Shenyang) Co., Ltd which is a subsidiary of GE PACIFIC PTE. LTD. The assessed value of the assets of Shenyang Company is 327 million RMB. HEC invest 160 million RMB to purchase its 49% shareholdings. After the acquisition, GE PACIFIC PTE. LTD. , still holds 51% shareholdings and will change its name as GE & HE wind power (Shenyang) Co., Ltd.

(2) HEC and GE will set up Harbin Electric and General Electric wind power (Jiangsu) Co., Ltd. in Zhenjiang, Jiangsu Province. The total investment will be 365

million RMB with 186 million RMB from HEC, 51% share holding and 179 million RMB from GE China, 49% share holding.

Specific circumstances seen the table below:

Unit: a hundred million RMB / %

Investor Invest info. Company	Total investment	HEC		GE China		GE PACIFIC PTE. LTD.,	
		Investment amount	shareholding ratio	Investment amount	Investment amount	Investment amount	Investment amount
Jiangsu Company	3.65	1.86	51%	1.79	49%	—	
Shenyang Company	3.27	1.60	49%	—		1.67	51%

3 Business Division

Jiangsu Company mainly produces nearshore and offshore wind turbine, taking 3.5MW direct-drive wind turbine as main model and in charge of products marketing, installation and test and after sale service of Jiangsu Company and Shenyang Company. Main production of Shenyang Company is onshore wind turbine and 1.5MW high speed synchronized ones is its main model.

4. Paraphrase

General Electric Company is a company which is founded and legally continued in accordance with Law of the United States. Its legal address is 3135, Easton Road, Fairfield, Connecticut, USA. It mainly engages in business such as energy infrastructure, technological infrastructure, NBC worldwide operation, financial investment and the supply of industrial related products and services and etc.

General Electric (China) Co., Ltd is a limited liability company which is founded and legally continued in accordance with Law of the People's Republic of China and indirectly wholly owned by General Electric Company. Its Chinese legal address is 17th Floor, Plaza 66, No. 1266, Nanjing West Road, Shanghai, China. It mainly engages in the investment of General Electric Company and also manages and provides services to affiliated companies. It provides installation, training and maintenances services to General Electric Company and its domestic technology transferees and affiliated companies' products. It also involves in other business such as import and export trade of products, equipments, material and parts of General Electric Company and its holding companies and affiliated companies.

GE PACIFIC PTE. LTD., is a limited liability company which is founded and legally continued in accordance with Law of Singapore and indirectly wholly owned by General Electric Company. Its legal address is 240 Tanjong Pagar Rd., 12-00GE Tower, Singapore. It mainly engages in the investment business of General Electric Company.

GE Energy (Shenyang) Co., Ltd is an exclusively foreign-owned enterprise incorporated in Shenyang, China by GE PACIFIC PTE. LTD. in August 2005. Its total investment is \$ 25 million; main production is 1.5MW dual-fed fan unit and design capacity is 400 units.

Harbin Electric Machinery Company Limited is one of the company's subsidiaries. The company's shareholding is 89.63%, main production is large and medium-size

generating equipments, such as hydro turbine, hydro generator and steam turbine generator.

The issues stated above shall become effective on the date of announcement.

By Order of the Board
Harbin Power Equipment Company Limited
Ma Sui
Company Secretary

27 September 2010, Harbin, PRC

At the date of this announcement, the Executive Directors of the Company are Mr. Gong Jingkun, Mr. Zou Lei, Mr. Duan Hong-yi, Mr. Wu Wei-zhang and Mr. Shang Zhong-fu; and the Independent non-executive Directors are Mr. Sun Chang-ji, Mr. Jia Cheng-bing, Ms. Li He-jun, Mr. Yu Bo and Mr. Liu Deng-qing.