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哈电集团  
HARBIN ELECTRIC CORPORATION

**哈尔滨电气股份有限公司**

**HARBIN ELECTRIC COMPANY LIMITED**

*(formerly known as Harbin Power Equipment Company Limited)*

*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*

**(Stock code: 1133)**

## **CLARIFICATION ANNOUNCEMENT — RECLASSIFICATION OF DIRECTORS**

Reference is made to the clarification announcement of the Company dated 31 May 2011.

Mr. Gong Jing-kun, Mr. Zou Lei and Mr. Duan Hong-yi are respectively the chairman of board, a director and the general manager, and the deputy general manager of 哈爾濱電氣集團公司 (Harbin Electric Corporation\*) (“HE”), the controlling shareholder of the Company. They were each nominated by HE as Directors of the Company. As there is no clear definition of “executive directors” and “non-executive directors” under the laws of the People’s Republic of China (“PRC”), the Company followed the approach adopted since its listing and designated all directors nominated by HE as executive directors.

Although Mr. Gong Jing-kun, Mr. Zou Lei and Mr. Duan Hong-yi were each designated as an “executive director” of the Company since their appointment to 31 May 2011, they were not during that period involved in the day-to-day operations of the Company nor did they carry out any executive functions for the Company. In May 2011, in the course of responding to the enquiry from The Stock Exchange of Hong Kong Limited in relation to the composition of the Company’s audit committee (of which Mr. Duan Hong-yi is a member since its formation), the Company reviewed the roles of each of the executive directors. Accordingly, the Company has re-classified Mr. Gong Jing-kun, Mr. Zou Lei and Mr. Duan Hong-yi as non-executive directors of the Company as announced in the Company’s announcement dated 31 May 2011. The Company has also subsequently consulted its PRC legal advisor in July 2011, who agreed with the Company’s re-classification. As the functions carried out by these directors have been consistent throughout their directorship, the re-classification does not have any impact on the Company’s business and operations.

The Company also refers to the following disclosure on the experience of Mr. Duan Hong-yi in the previous annual reports and interim reports of the Company:

“Since 1995, he has been a vice director and the director of the planning and accounting department and a vice chief accountant of the Company, a supervisor and a deputy general manager of the Turbine Company of the Group, and a vice chairman of Harbin Power

\* For identification purpose only

Technology & Trade Incorporation of the Group. He was appointed as a deputy general manager of HE in August 2000 and an executive director of the Company in September 2000.”

The Company clarifies that the reference above to “Since 1995” should instead have read “Since 1995 to 2000”. Mr. Duan Hong-yi ceased to carry out the duties of the director of the planning and accounting department and a vice chief accountant of the Company and other positions in other subsidiaries of the Group after his appointment as a deputy general manager of HE in August 2000, although those designations were not officially removed until March 2001 and April 2001 respectively.

By Order of the Board  
**Harbin Electric Company Limited**  
**MA Sui**  
*Company Secretary*

Hong Kong, 18 August 2011

*As at the date of this announcement, the non-executive directors of the Company are Mr. Gong Jing-kun, Mr. Zou Lei and Mr. Duan Hong-yi; the executive Directors are 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.*