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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

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

(Stock code: 1133)

PROPOSED ISSUE OF CORPORATE BONDS

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The board (the “**Board**”) of Harbin Electric Company Limited (the “**Company**”) has resolved to propose for the approval by the shareholders of the Company (the “**Shareholders**”) at an extraordinary general meeting of the Company (“**EGM**”) the offer and issue of the corporate bonds (“**Corporate Bonds**”) in the Peoples Republic of China (the “**PRC**”, for the purposes of this announcement, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan) with an aggregate principal amount of not more than RMB4 billion.

Set out below are the proposed arrangement of the issue of the Corporate Bonds:

Aggregate principal amount: not more than RMB4 billion, with the first tranche not exceeding RMB3 billion, and the balance to be issued within 24 months from the China Securities Regulatory Commission (“**CSRC**”) approving the issue of the Corporate Bonds

Placing to Shareholders: No placing of the Corporate Bonds to Shareholders

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 approval authorities;
- (e) to make adjustments to the relevant matters in relation to the issue of Corporate Bonds in accordance with any change to the regulatory policies or the market conditions, except for matters relating to the laws, regulations or the Articles of Association of the Company which require the shareholders' approval;
- (f) to handle matters relating to the issue and listing of the Corporate Bonds in accordance with the rules of the relevant stock exchange on the issue and listing of bonds;
- (g) to handle any other matters relating to the issue of Corporate Bonds; and

- (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. 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.