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哈爾濱動力設備股份有限公司

Harbin Power Equipment Company Limited

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

(Stock Code: 1133)

ACQUISITION OF THE SHAREHOLDINGS HELD BY CHINA CONSTRUCTION BANK CORPORATION IN THE SUBSIDIARIES OF HARBIN POWER EQUIPMENT COMPANY LIMITED

On 29 December 2009, Harbin Power Equipment Company Limited (the “Company”) and China Construction Bank Corporation (“CCBC”) entered into a written agreement, pursuant to which CCBC has agreed to transfer its shareholdings amounting to RMB16 million in Harbin Electrical Machinery Co. Ltd. (“Electrical Machinery”, a subsidiary of the Company), representing 2.26% of the total share capital of Electrical Machinery, and its shareholdings amounting to RMB72 million in Harbin Turbine Co. Ltd. (“Harbin Turbine”, a subsidiary of the Company), representing 8.37% of the total share capital of Harbin Turbine, to the Company.

1. Consideration of the acquisition and basis of pricing

The consideration of the acquisition of the shareholdings amounting to RMB72 million in Harbin Turbine is RMB154.8 million, while the consideration of the acquisition the shareholdings amounting to RMB16 million in Electrical Machinery is RMB58.88 million, and the aggregate consideration amounts to RMB213.68 million.

The price was determined based on the result of a valuation conducted by 哈爾濱富通資產評估事務所, an independent asset valuer. Both parties are satisfied with the result of such valuation.

2. Reasons for the acquisition

Electrical Machinery and Harbin Turbine are among the principal subsidiaries of the Company. Electrical Machinery is principally engaged in the manufacturing and sales of auxiliary power generators for hydro-electric turbine generator sets and thermal power plants, while Harbin Turbine is principally engaged in the manufacturing and sales of various equipments such as auxiliary turbines for thermal power plants. The board of directors considers that the acquisition of such shareholdings is beneficial to the development of these two companies and is in the interests of the Company’s shareholders as a whole. The Company will fund the above acquisition with its internal financial resources.

3. Changes in shareholdings before and after the acquisition

Shareholder	Name of the company	Shareholdings before the acquisition (%)	Shareholdings after the acquisition (%)
The Company	Harbin Turbine	537,622,900 Shares (62.53%)	609,622,900 Shares (70.90%)
	Electrical Machinery	619,666,900 Shares (87.37%)	635,666,900 Shares (89.63%)
CCBC	Harbin Turbine	72,000,000 Shares (8.37%)	0
	Electrical Machinery	16,000,000 (2.26%)	0

Upon the completion of the acquisition, CCBC will cease to hold any shareholding in Electrical Machinery and Harbin Turbine.

4. Information about CCBC

CCBC is the second largest bank in the PRC and provides comprehensive commercial banking products and services to its clients. Its shares are listed on the Hong Kong Stock Exchange (Stock code: 00939) and the Shanghai Stock Exchange (Stock code: 601939). CCBC is not related to the Company.

By order of the board of directors
Ma Sui
Company Secretary

Harbin, PRC, 31 December 2009

As at the date of this announcement, the executive directors of the Company are Gong Jing-kun, Zou Lei, Duan Hong-yi, Shang Zhong-fu and Wu Wei-zhang, while the independent directors are Sun Chang-ji, Jia Cheng-bing, Li He-jun, Yu Bo and Liu Deng-qing.