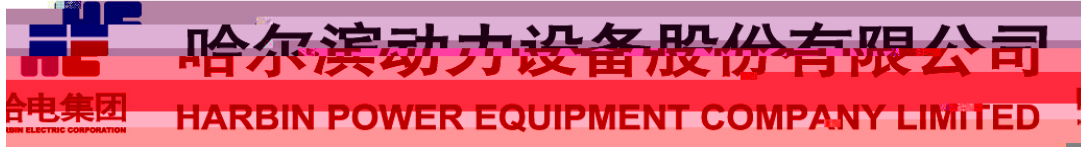


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a joint stock limited company incorporated in the People's Republic of China with limited liability

**Stock Code 1133**

### **Withholding of dividend income tax**

Pursuant to the “PRC Individual Income Tax Law”, the “Implementation Regulations of the Individual Income Tax Law”, the “Notice of the State Administration of Taxation in relation to the Administrative Measures on Preferential Treatment Entitled by Non-residents under Tax Treaties (Tentative)” (Guo Shui Fa [2009] No.124) (“**Tax Treaties Notice**”), other relevant laws and regulations and the relevant rules promulgated by the State Administration of Taxation, as the “Circular on the Questi

- for Individual H Shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of less than 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the Individual H Shareholders;
- for Individual H Shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax at the actual tax rate stipulated in the relevant tax treaty; and
- for Individual H Shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of 20%, or a country which has not entered into any tax treaties with the PRC, or under any other circumstances, the Company will withhold and pay individual income tax at the rate of 20% on behalf of the Individual H Shareholders.

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

11 July 2011 Harbin, the 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.*