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

(Stock Code: 1133)

PROFIT ALERT

This announcement is made by the Board of Directors (the "Board") of Harbin Electric Company Limited (the "Company") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The Board hereby wishes to inform the shareholders of the Company and potential investors that based on the preliminary assessment by the Company's finance department and the information currently available to the Board, the net profit attributable to the owners of the parent company for 2017 is expected to record a significant decrease as compared to that of 2016, which is attributable to the higher provision of impairment of certain production-in-progress projects of the Company and its subsidiaries (the "**Group**") for the year 2017 as compared to that of 2016 and the impact of exchange rate fluctuations.

The information contained in this announcement is only based on the preliminary assessment by the Company's finance department and the information currently available to the Board and such information has not been audited by the Company's auditors. For details of the Group's financial results for the year ended 31 December 2017, please refer to 2017 Annual Report of the Company to be published in April 2018.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
Harbin Electric Company Limited
Ai Li-song
Company Secretary

Harbin, PRC 23 January 2018

As at the date of this announcement, the executive Directors of the Company are Mr. Si Ze-fu, Mr. Wu Wei-zhang, Mr. Zhang Ying-jian and Mr. Song Shi-qi; and the independent non-executive Directors of the Company are Mr. Zhu Hong-jie, Mr. Yu Wen-xing and Mr. Hu Jian-min.