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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)

CLARIFICATION ANNOUNCEMENT

Hereby it is the clarification about the "Change of Auditors" announcement issued on 14 December, 2010 by the Company, according to the regulations on auditor appointment deadline of central enterprises issued by the State Property Management Commission of the State Council which is no less than two years and not more than five years in principle, the change of auditors is a routine replacement. Taking into account that both Crowe Horwath China CPAs Co., Ltd (mainland) and Crowe Horwath (HK) CPA Limited have the necessary practitioner qualification, and the CPAs have very good performance and a considerable scale both in Chinese mainland and Hong Kong, therefore, after negotiation tendering, the Company decide to employ Crowe Horwath China CPAs Co., Ltd (mainland) and Crowe Horwath (HK) CPA Limited to serve as the domestic and foreign auditors of financial reports of the Company in 2010, respectively. The existing auditors of the Company - Yuehua Certified Public Accountants Co., Ltd., and RSM China Certified Public Accountants have expressed full understanding on this change of auditors and confirmed that they have no other matters must notify the shareholders of the Company or other stakeholders, and no other matters which need to draw shareholders attention.

The Company has no other matters which need to draw the shareholders attention.

Furthermore, reference is made to the English version of "Change in auditors" dated 14 December 2010 by the Company. Due to checking reason, there are two mistakes should be corrected.

The existing auditors of the Company - Yuehua Certified Public Accountants Co., Ltd. and RSM China Certified Public Accountants have served as the Company's foreign and domestic auditors of financial reports from 2006 to 2009. According to the regulations on auditor appointment deadline of central enterprises issued by the State Property Management Commission of the State Council which is no less than two years and not more than five years in principle, the change of auditors is a routine replacement. Taking into account that both Crowe Horwath China CPAs Co., Ltd (mainland) and Crowe Horwath (HK) CPA Limited have the necessary practitioner qualification, and the CPAs have very good performance and a considerable scale both in Chinese mainland and Hong Kong, therefore, after negotiation tendering, the Company decide to employ Crowe Horwath China CPAs Co., Ltd (mainland) and Crowe Horwath (HK) CPA Limited to serve as the domestic and foreign auditors of financial reports of the Company in 2010, respectively.

Yuehua Certified Public Accountants Co., Ltd. has stated that he has no other matters must notify the shareholders of the Company or other stakeholders and no objection on the change of auditors in his documents sent to the company on 12 November, 2010, and

confirmed that he has no other matters must notify the shareholders of the Company or other stakeholders, and no other matters which need to draw shareholders attention.

The Company has no other matters which need to draw the shareholders attention.

Furthermore, reference is made to the English version of “Change in auditors” dated 14 December 2010 by the Company. Due to checking reason, there are two mistakes should be corrected as follows:

- 1、 “ Growe Horwath China (Hong Kong) CPAS” should be corrected into “Crowe Horwath (HK) CPA Limited”;
- 2、 “ Growe Horwath CPAS Co., Ltd” should be corrected into “Crowe Horwath China CPAs Co., Ltd.”.

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

17 December 2010, Harbin, PRC

At the date of this announcement, the Executive Directors of the Company are Mr. Gong Jing-kun, Mr. Zou Lei, Mr. Duan Hong-yi, 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.