

Shanghai Highly (Group) Co., Ltd.
Abstract of the 2012 Annual Report

The Board of Directors of Shanghai Highly (Group) Co., Ltd. (hereinafter referred to as "the Company") hereby presents to all shareholders the consolidated financial data of the Company and its subsidiaries for the reporting year ended 31 Dec. 2012. These financial data have been prepared in accordance with the Chinese Accounting Standards for Business Enterprises, and have been audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP.

Unit: (RMB) Yuan			
Items	2012	2011	
Operating revenues	6,772,965,870.14	8,205,380,501.62	
Total profit	255,288,002.03	282,612,506.54	
Net profit attributable to shareholders of the Company	147,846,068.90	164,453,052.46	
Total assets	7,530,989,360.20	7,146,282,825.67	
Equity attributable to shareholders of the Company	2,365,021,252.04	1,789,903,934.84	
Basic EPS (Yuan/share)	0.23	0.27	

In 2012, further affected by the European Debt Crisis, growth of the global economy plummeted. In the reporting period, due to the fade-out of the last series of government stimulus policies such as "save energy and benefit consumers" and "bring household appliances to the countryside", as well as the tightening macro-control on real estate, the A/C demand for home-consumers weakened and production and sale in the A/C and A/C compressor industry was obviously affected. Statistics showed that the production and sale in the A/C manufacture sector of China as a whole in 2012 dropped 13.9% and 11.2% from last year. With the purpose of boosting domestic demand, the government unveiled on 16 May 2012 a subsidy policy focusing on energy saving in the household appliance sector, which produced some good results in adjusting the production and sales structure and industrial chain in the sector. However, the policy was unveiled after the peak season of sale, so it failed to boost demand in an obvious way. Due to the aforesaid factors, for the reporting period, the Company produced 14.93 million units of A/C compressors, down 14.8% over last year; and sold 15.50 million units of A/C compressors, representing a year-on-year decrease of 11.7%. According to sector statistics, the number of A/C compressors sold by the Company in 2012 represented a domestic market share of 15% for the year, which enabled the Company to basically keep a leading position in the A/C compressor industry in terms of technology and market share. Despite an adverse situation in 2012, all employees of the Company worked as one man, sought for development breakthroughs and proactively dealt with the situation with technical innovation and management improvement. It also enhanced cost control by rational control over procurement, cost reduction in design, technique improvement, etc. As a result, the gross profit rate of the main business reached 13.81%, up 1.89 percentage points from last year. The Company achieved operating revenues of RMB 6,772,965,870, down 17.46% on a year-on-year basis; net profit attributable to shareholders of the Company of RMB 147,846,100, representing a year-on-loss of 10.10%; and net profit of RMB 128,405,490 extraordinary gains and losses, decreasing 23.17% from last year.

Main Investments Made
In 2012, the Company approved at the 16th Session of the 5th Board of Directors to incorporate Anhui Highly Precision Foundry Co., Ltd. ("Anhui Highly") for executing the First Phase of the Project for Founding and Machining Refrigerating Compressor Parts. The total input for the project was RMB 277.50 million. The registered capital of Anhui Highly Foundry was RMB 125 million, all paid in cash by shareholders. The Company contributed RMB 50 million, accounting for 40% of the registered capital. Shanghai Bingxiang Management Consulting Co., Ltd. increased their investments in Highly SRE by RMB 20 million in total, of which the Company contributed RMB 14 million, accounting for 70% of the increment. By the end of Dec. 2012, capital increments from both investors had all arrived. After the capital increment, the registered capital of Highly SRE was RMB 40 million, with the contribution ratios of both investors being the same as before. (2) The Company was approved at the 7th Session of the 6th Board of Directors to make investment to incorporate Shanghai Highly Realten Environmental Technology Co., Ltd. for boosting development of the heat pump-related business. All the registered capital of Highly Realten (RMB 30 million) was contributed by the Company. On 22 May 2012, the new subsidiary was officially incorporated and obtained its business license. By the end of Jun. 2012, the first capital injection—RMB 20 million—had all arrived. (3) Upon approval at the 7th Session of the 6th Board of Directors, the Company and Hitachi Automotive Systems, Ltd. (Hitachi AMS) jointly incorporated Hitachi Highly Automotive Systems (Shanghai) Co., Ltd. as the second plant of the Company's associate Hitachi Highly Automotive Products (Shanghai) Ltd. so that it could work together with the associate and seize the opportunity from a big growth in domestic sale of automobile starters. The registered capital of Hitachi Highly Automotive Systems (Shanghai) Co., Ltd. was RMB 30 million, of which the Company contributed RMB 10 million, accounting for 33.3%. On 22 May 2012, the new joint venture was officially incorporated and obtained its business license. By the end of June 2012, capital from both shareholders had all arrived. (4) The proposal on increasing investment in Shanghai Highly Special Refrigeration Equipment Co., Ltd. ("Highly SRE") was reviewed and approved at the 10th Session of the 6th Board of Directors. The Company and the other investor, Shanghai Bingxiang Management Consulting Co., Ltd. increased their investments in Highly SRE by RMB 20 million in total, of which the Company contributed RMB 14 million, accounting for 70% of the increment. By the end of Dec. 2012, capital increments from both investors had all arrived. After the capital increment, the registered capital of Highly SRE was RMB 40 million, with the contribution ratios of both investors being the same as before. (5) The proposal on Shanghai Hitachi Electrical Appliances Co., Ltd. ("Shanghai Hitachi") and Shanghai Highly Group Trading Co., Ltd. ("Highly Trading") jointly incorporating Highly Electrical Appliances India Private Limited ("Highly India") was reviewed and approved at the 12th Session of the 6th Board of Directors. The 2nd Special Shareholders' General Meeting for 2012 of the Company. The total input for Highly India was RMB 452.35 million (US\$71.8 million), of which Shanghai Hitachi contributed US\$71.79 million and Highly Trading contributed US \$1. Highly India was planned to form, by "one plant and two steps", an annual production capacity of 2 million units of H/L A/C compressors. By the end of Dec. 2012, Highly India had passed through the approval procedure. On 31 Jan. 2013, Highly India was officially approved by the Indian government for establishment. The Abstract of the 2012 Annual Report is based on the full text of the 2012 Annual Report, which will be disclosed at the same time with the Abstract on the website <http://www.sse.com.cn>. Investors are suggested to read the full text of the 2012 Annual Report for more details. Website of the Company: <http://www.highly.cc> E-mail address of the Company: heart@highly.cc Newspapers designated by the Company for information disclosure: Shanghai Securities News and Hong Kong Ts Tung Pao Website designated by CSRC for disclosure of periodical reports of the Company: <http://www.sse.com.cn>

Stock Abbr.: HLGF (A-share), HLBG (B-share) Announcement No.: L2013-007
Stock Code: 600619 (A-share), 900910 (B-share)

Shanghai Highly (Group) Co., Ltd.
Announcement on Resolutions Made at the 13th Session of the Sixth Board of Directors

The Board of Directors of Shanghai Highly (Group) Co., Ltd. (hereinafter referred to as "the Company") and all its directors hereby ensure that the information carried in this announcement is factual, accurate and complete, and shall be jointly and severally liable for any false record, misleading statement or material omission in this announcement. The English translation is for reference only.

The 13th Session of the 6th Board of Directors of the Company was convened at the Conference Room of the Company on 15 Mar. 2013. Director Mr. Yao Guizhang was unable to be present at the session for the reason of his work. He entrusted Director Mr. Shen Jianfang to attend the session and vote on behalf of him. Nine directors were present to be present at the session and actually eight of them were present. All supervisors sat on the session. The session was held in a procedure in compliance with applicable laws, regulations and the Company's Articles of Association. The session was chaired by Mr. Shen Jianfang. And the following proposals were reviewed and approved by the directors at the session:

- The Work Report of the Board of Directors for 2012 was reviewed and approved and will be submitted to the 2012 Annual Shareholders' General Meeting of the Company for review. Independent directors have submitted the Duty Report for 2012 to the Board of Directors and will be giving a duty report in the 2012 Annual Shareholders' General Meeting. For details, see the website of Shanghai Stock Exchange (<http://www.sse.com.cn>).
- Voting result: 9 yes-votes; 0 abstention; 0 no-votes.
- The Work Report of GM for 2012 was reviewed and approved. Voting result: 9 yes-votes; 0 abstention; 0 no-votes.
- The Proposal on Asset Impairment Provisions for 2012 was reviewed and approved. In 2012, provisions for asset impairment (filling price) of RMB 9,863,560.31 were withdrawn, including the provision for falling prices of inventories amounting to RMB 7,732,868.89. In financial assets, bad-debt provisions for accounts receivable totaling RMB 1,424,206.11 were withdrawn and impairment provisions for fixed assets were RMB 706,484.95. Depreciation for investment real estate was withdrawn in the light of the stipulated depreciation life; intangible assets were amortized based on useful life; and deferred income tax assets could generate enough taxable income in the future to deduct its profit. There existed no impairment signs in long-term equity investment and construction in progress. Consequently, the Company did not make impairment provisions for them for the year. Voting result: 9 yes-votes; 0 abstention; 0 no-votes.
- The Financial Final Accounts for 2012 and the 2013 Annual Budget was reviewed and approved and will be submitted to the 2012 Annual Shareholders' General Meeting of the Company for review. Voting result: 9 yes-votes; 0 abstention; 0 no-votes.
- The Pre-plan on Profit Distribution for 2012 was reviewed and approved and will be submitted to the 2012 Annual Shareholders' General Meeting of the Company for review. According to the financial statements for 2012 prepared by the Company under the Accounting Standards for Business Enterprises and audited by DeloitteTouche Tohmatsu Certified Public Accountants LLP, the net profit attributable to shareholders of the Company for 2012 was RMB 147,846,068.90. The net profit of the Company (without subsidiaries) of RMB 108,074,652.00, plus the retained profit of the Company (without subsidiaries) of RMB 48,018,886.61 after the cash dividend distribution in the year, was RMB 156,093,538.61, profit available for distribution at the end of the reporting year. After withdrawing RMB 10, 807,465.29 as statutory surplus reserve for the Company according to its Articles of Association, the final profit distributable to shareholders of the Company (without subsidiaries) at the year-end was RMB 145,286,073.41. Based on the total shares of 667,744,113 shares as at the end of 2012, a cash bonus of RMB 1.20 (per included) was proposed to be distributed to every 10 shares held by shareholders. The cash bonus to be distributed totaled RMB 80,129,293.80 (tax included), and the retained profit of RMB 65,156,779.61 to be carried forward to the next year. All independent directors believed that upon a serious review of the proposal on profit allocation for 2012 prepared by the Company, and based on independent judgment, the profit allocation plan was reasonable and fair for the Company in the current situation. So they agreed to the plan. Voting result: 9 yes-votes; 0 abstention; 0 no-votes.
- The 2012 Annual Report and the Abstract of the 2012 Annual Report were reviewed and approved and will be submitted to the 2012 Annual Shareholders' General Meeting of the Company for review. Voting result: 9 yes-votes; 0 abstention; 0 no-votes.
- The Proposal on Related-Party Transactions for 2013 was reviewed and approved and will be submitted to the 2012 Annual Shareholders' General Meeting of the Company for review. For more details, please refer to the announcement on related-party transactions (No. L2013-009).
- According to applicable laws, regulations and the Company's Articles of Association, related directors Xu Chao and Sun Wei stepped aside from the voting on this proposal. Voting result: 7 yes-votes; 0 abstention; 0 no-votes; 2 voters stepped aside.
- The Proposal on External Guarantees Provided by the Company for 2013 was reviewed and approved and will be submitted to the 2012 Annual Shareholders' General Meeting of the Company for review. For more details, please refer to the announcement on external guarantees (No. L2013-010).
- Voting result: 9 yes-votes; 0 abstention; 0 no-votes.
- The Special Report on Raised Funds and Use thereof in 2012 was reviewed and approved. For details, please refer to the Special Report on the Deposit and Actual Usage of Raised Funds (No. L2013-011).
- Voting result: 9 yes-votes; 0 abstention; 0 no-votes.
- The 2012 Annual Social Responsibility Report (see the website of Shanghai Stock Exchange <http://www.sse.com.cn> for more details) was reviewed and approved.
- The Self-Evaluation Report on Internal Control of the Company for 2012 (see the website of Shanghai Stock Exchange <http://www.sse.com.cn> for more details) was reviewed and approved.
- Voting result: 9 yes-votes; 0 abstention; 0 no-votes.
- The Internal Control Audit Report for the Company for 2012 (see the website of Shanghai Stock Exchange <http://www.sse.com.cn> for more details) was reviewed and approved.
- Voting result: 9 yes-votes; 0 abstention; 0 no-votes.
- The Proposal on Signing Agreements (Contracts) Concerning Loans and Credits with banks in 2013 was reviewed and approved.
- In order to get funds needed for operation, the Board of Directors agreed to sign an agreement with China Merchants Bank Co., Ltd. to acquire a comprehensive credit line not exceeding RMB 80 million, sign a contract with the Bank of Shanghai to acquire a comprehensive credit line not exceeding RMB 150 million and US\$ 2 million, sign a contract with head office of the Export-import Bank of China to acquire a loan not exceeding RMB 200 million. Voting result: 9 yes-votes; 0 abstention; 0 no-votes.
- The Proposal on Engaging a Financial Auditor for 2013 was reviewed and approved. It was agreed to engage Deloitte Touche Tohmatsu Certified Public Accountants LLP as the financial auditor of the Company for 2013. And this proposal needs to be submitted to the 2012 Annual Shareholders' General Meeting of the Company for further review. Voting result: 9 yes-votes; 0 abstention; 0 no-votes.
- The Proposal on Engaging an Internal Control Auditor for 2013 was reviewed and approved.
- Upon agreed to engage Deloitte Touche Tohmatsu Certified Public Accountants LLP as the internal control auditor of the Company for 2013. Voting result: 9 yes-votes; 0 abstention; 0 no-votes.
- The Proposal on Appointing Directors, Supervisors and Senior Executives to Investors was reviewed and approved.
- Voting result: 9 yes-votes; 0 abstention; 0 no-votes.
- The Highly Group 5-3-1 Strategic Planning was reviewed and approved.
- Voting result: 9 yes-votes; 0 abstention; 0 no-votes.
- The Accountability Mechanism for Material Mistakes in Disclosure of Annual Reports was reviewed and approved. For details, please refer to the website of Shanghai Stock Exchange (<http://www.sse.com.cn>).
- Voting result: 9 yes-votes; 0 abstention; 0 no-votes.

Board of Directors
Shanghai Highly (Group) Co., Ltd.
19 March 2013

Stock Abbr.: HLGF (A-share), HLBG (B-share) Announcement No.: L2013-008
Stock Code: 600619 (A-share), 900910 (B-share)

Shanghai Highly (Group) Co., Ltd.
Announcement on Resolutions Made at the Twelfth Session of the Sixth Supervisory Committee

The Supervisory Committee of Shanghai Highly (Group) Co., Ltd. (hereinafter referred to as "the Company") and all its supervisors hereby ensure that the information carried in this announcement is factual, accurate and complete, and shall be jointly and severally liable for any false record, misleading statement or material omission in this announcement. The English translation is for reference only.

The twelfth session of the sixth Supervisory Committee of Shanghai Highly (Group) Co., Ltd. (hereinafter referred to as "the Company") was held on 15 March 2013. The attendant supervisors are Yuan Mifang, Tong Liping, Li Li, Lv Kangzhu, Zhu Haoli, Luo Min, Board Secretary, and Qin Wenjun, the CFO also attended this conference. 1. The 2012 Annual Report and Abstract of the 2012 Annual Report were reviewed and approved. And the Supervisory Committee held the opinion that: The 2012 Annual Report and the Abstract of the 2012 Annual Report thoroughly and factually presented the financial conditions and operating results of the Company in 2012. All the information disclosed was factual, accurate and complete, without any false information, misleading statement or material omission. The Supervisory Committee was jointly and severally liable for the factuality, accuracy and completeness of the aforesaid reports. The 2012 Annual Report was prepared and reviewed in a procedure in compliance with applicable laws, regulations, the Company's Articles of Association and Internal Management Rules. Contents and forms of the said two reports were in line with relevant regulations of the CSRC and the Shanghai Stock Exchange. Information provided in the reports thoroughly and factually presented the Company's operating status, financial conditions and other information. And the Supervisory Committee had not found any breach of confidence committed by any person involved in the preparation and review of the reports before it issued the opinion above. 2. The Work Report of the Supervisory Committee for 2012 was reviewed and approved. 3. The Proposal on Asset Impairment Provisions for 2012, the Proposal on Financial Final Accounts for 2012 and the 2013 Annual Budget, and the Pre-plan on Profit Distribution for 2012 were reviewed and approved. 4. The Proposal on External Guarantee for 2013 was reviewed and approved. 5. The Proposal on Related-Party Transactions for 2013 was reviewed and approved. The Supervisory Committee believed that: the related-party transactions of the Company were normal operations, with the relevant decision-making procedures in compliance with applicable laws, regulations and the Company's relevant rules. 6. The Special Report on the Deposit and Usage of Annual Raised Funds was reviewed and approved. And the supervisory committee held the opinion that: the Company, in accordance with Measures for the Administration of the Issuance of Securities by Listed Companies, Articles of Association, Management System of Raised Funds, used and managed the raised funds, and there did not exist any breach of utilizing raised funds. 7. 2012 Annual Audit Report on Internal Control and 2012 Annual Self-assessment Report on Internal Control were reviewed and approved. 8. The Internal Control Audit Report for the Company for 2013 and Proposal on the Employment of Audit Institution for 2013 Internal Control were reviewed and approved.

Supervisory Committee
Shanghai Highly (Group) Co., Ltd.
19 March 2013

Stock Abbr.: HLGF (A-share), HLBG (B-share) Announcement No.: L2013-009
Stock Code: 600619 (A-share), 900910 (B-share)

Shanghai Highly (Group) Co., Ltd.
Announcement on Routine Related-party Transactions for 2013

The Supervisory Committee of Shanghai Highly (Group) Co., Ltd. (hereinafter referred to as "the Company") and all its directors hereby ensure that the information carried in this announcement is factual, accurate and complete, and shall be jointly and severally liable for any false information, misleading statement or material omission in this announcement. The English translation is for reference only.

I. Basic information of the related-party transactions
(I) Execution of the approval procedures
The Company convened the 13th Session of the 6th Board of Directors on 15 Mar. 2013, at which reviewed and approved the Proposal on the Related-party Transactions for 2013 with the voting result of 7 yes-votes; 0 no-votes; 0 abstention. The independent directors issued their pre-approval opinion and independent opinion on the above routine related-party transactions, while two directors of Xu Chao and Sun Wei stepped aside the voting. And the proposal shall be submitted to the 2012 Annual Shareholders' General Meeting of the Company for review and approval.
(II) Estimated amount and type of the routine related-party transactions

Unit: RMB Ten Thousand						
Type of related-party transaction	Related party	Estimated amount in 2013	Proportion in the same kind of business	Actual amount in 2012	Proportion in the same kind of business	Reason of difference
Acquiring the casting, machinery processing parts and other raw and auxiliary materials	Shanghai Bao Wu High Tensile Fasteners Co., Ltd.	500	0.08%	235	0.05%	It's expected that the purchasing demands will increase after putting into production
	Anhui Highly Precision Foundry Co., Ltd.	30,000	4.75%	864	0.19%	
Acquiring automobile starting engine	Shanghai Institute of Machine Building Technology Co., Ltd.	200	0.03%	12	0.00%	It's expected that the purchasing demands will decrease after establishing the new factory
	Hitachi Automotive Products (Shanghai) Co., Ltd.	10,300	1.63%	15,956	3.48%	
Acquiring the refrigerator compressors, etc.	Qingdao Highly Electric Co., Ltd.	10,000	1.58%	4,412	0.96%	It's expected that the export volume will increase
	Shanghai Electrical Automation R&D Institute Ltd. Inc	6,000	0.95%	1,599	0.35%	
Acquiring the production equipments, etc.	Shanghai Highly Nakano Refrigerators Co., Ltd.	-	-	36	0.01%	It's expected that the purchase of equipments after implementing the intelligent renovation will increase
	Qingdao Highly Electric Co., Ltd.	2,000	0.28%	415	0.06%	
Selling the pig iron and other raw and auxiliary materials	Anhui Highly Precision Foundry Co., Ltd.	18,700	2.60%	136	0.02%	It's expected that the sales demands will increase after putting into production
	Shanghai Electrical Automation R&D Institute Ltd. Inc	500	0.07%	22	0.00%	
Selling the parts of automobile starting engine	Hitachi Automotive Products (Shanghai) Co., Ltd.	10,500	1.46%	2,071	0.31%	It's expected that the sales variety and quantity will increase
	Hitachi Appliances, Inc.	3,000	0.42%	6,866	1.01%	
Selling the A/C compressor	Shanghai Electric Group (Hong Kong) Co., Ltd.	1,000	0.14%	-	-	It's expected that the sales volume will increase
	Shanghai Highly Windpower Equipment Co., Ltd.	2,400	0.33%	1,541	0.23%	
Selling the special refrigeration equipments	Shanghai Crane and Conveyor Works Co., Ltd.	100	0.01%	14	0.00%	It's expected that the demands will increase
	Shanghai Machine Tool Works Ltd.	200	0.03%	51	0.01%	
Selling the production equipments, etc.	Anhui Highly Precision Foundry Co., Ltd.	2,000	0.28%	1,582	0.23%	It's expected that the sales volume of production equipments will increase
	Shanghai Highly Precision Network Technology	100	0.01%	-	-	
Total		97,500		35,812		

(III) Other related-party transactions
(1) Entrusted Loan: The Company will provide the entrusted loans for its subsidiaries and associated companies through Shanghai Electric Group Finance Company Ltd. (hereinafter referred to as "Finance Company") for the needs of operation;
(2) The discounting of bank acceptance bills, instant settlement and sale of foreign exchanges and forward settlement and sale of foreign exchanges: The subsidiaries of the Company will discount the received bank acceptance bills with Shanghai Electric Group Finance Company Ltd. if they have the discounting needs, and conduct settlement and sale of foreign exchanges. Particulars about the related-party transactions and the estimated amount:

Unit: RMB Ten Thousand				
Type of related-party transaction	Related party	Estimated amount in 2013	Actual amount in 2012	
Working capital loan	Shanghai Electric Group Finance Company Ltd.	2,000	2,000	
The discounting of bank acceptance bill	Shanghai Electric Group Finance Company Ltd.	450,000	270,909	
Entrusted loan	Shanghai Electric Group Finance Company Ltd. and Anhui Highly Precision Foundry Co., Ltd.	100,000	-	
Instant settlement and sale of foreign exchanges	Shanghai Electric Group Finance Company Ltd.	USD 18,200	-	
Forward settlement and sale of foreign exchanges	Shanghai Electric Group Finance Company Ltd.	USD 12,800	-	
Guarantee amount	Shanghai Electric (Group) Corp.	2,000	2,000	
Total		RMB 554,000, USD 31,000	RMB 274,909	

II. Information about main related parties
1. Shanghai Electric (Group) Corp.
Type of enterprise: a company with limited liability
Registered address: No. 110 Sichuan Middle Road, Shanghai
Legal representative: Xu Jianguo
Registered capital: RMB 6,664,766,300
Business scope: General contract of power station projects, provision of integrated equipments or partial delivery, labor service contract, industrial investment, manufacturing and sales of mechanical and electrical products, design, construction, install and test of the electronic, road, environmental protection, and the relevant technical consultation and training for domestic and export projects, operation and management of state-owned assets with the authorization of Municipal SASAC, and domestic trade.
Relationship with the Company: the first principal shareholder of the Company
2. Shanghai Electric Group Finance Company Ltd.
Type of enterprise: a company with limited liability
Registered address: 8F, CATIC Tower, No. 212 Jiangning Road, Shanghai, PRC
Legal representative: Yu Yungui
Registered capital: RMB 1,500,000,000
Business scope: financial and financial consulting services, credit verification and relevant consulting and agency services for its member units; assisting member units in collecting and paying transaction accounts; insurance agency services as approved; providing guarantees for member units; handling entrustment loans and investments among member units; handling bill acceptance and discounting for member units; handling account transfer and settlement among member units as well as designing relevant settlement and clearing projects; providing deposits of member units; loans and financing lease for member units; borrowings and lending with banks and other financial institutions; issuing finance corporation bonds as approved; underwriting corporate bonds of member units; equity investments in financial institutions; valuable securities investments; and home-buying credit and financing lease for products of Relationship with the Company: under the same controller
3. Shanghai Electric Windpower Equipment Co., Ltd.
Type of enterprise: a company with limited liability
Registered address: 8F, Tower B, No. 555 Dongchuan Road, Minxing District, Shanghai, PRC

Legal representative: Zheng Jianhua
Registered capital: RMB 1,028,000,000
Business scope: design, development, manufacturing and selling of wind-driven generators and fittings; installation, debugging, maintenance and repair of wind-driven generators; technological development, transfer, consulting and service for power projects or any other project in relation to the wind-driven electricity generating technology; investment consulting services (excluding agency service); investment management; and import and export of goods and technologies.
Relationship with the Company: under the same controller
4. Shanghai Electric Group (Hong Kong) Co., Ltd.
Type of enterprise: a company with limited liability
Registered address: Room 3502, Tower Two, Lippo Centre, 89 Queensway, Hong Kong
Legal representative: Xu Jianguo
Registered capital: HKD 232,360,166
Business scope: General contract of engineering projects, provision of integrated equipments or partial delivery; industrial investment; labor service contract; technical consultancy, service and training; export and import of mechanical and electrical products (except for the products under special stipulation)
Relationship with the Company: under the same controller
5. Shanghai Electrical Automation R&D Institute Ltd. Inc
Type of enterprise: a company with limited liability
Registered address: 640 Mengzi Road, Huangpu District, Shanghai
Legal representative: Hua Xiaolong
Registered capital: RMB 30,450,000
Business scope: contract for automation projects and provide relevant design and consultancy service; design, sell, assemble and test the automation equipment, electromechanical integrated equipment, special power supply unit sensor and test equipment; export its own products and technologies; import the materials, equipments and technologies needed for its production, do processing with imported materials and the "three-processing and one compensation" business (i.e. assembling with supplied parts, processing with supplied materials and samples, and compensation trade); engage in the installation of electromechanical devices and intelligent buildings; design, construct, install and test of the electronic, road, environmental protection, security and fire fighting engineering as well as the integration of computer; provide the design, development and service of computer software.
Relationship with the Company: under the same controller
6. Hitachi Appliances, Inc.
Type of enterprise: a company with limited liability
Registered address: 1-16-1 Kaigan, Minatoku, Tokyo
Legal representative: Haruki Yanamoto
Registered capital: JPY 20 billion
Business scope: development, manufacturing and sales of comprehensive air conditioning and home appliances
Relationship with the Company: a corporation holding over 10% shares of the Company's important subsidiary
III. Pricing principles for those related-party transactions
Prices for the products and services between the Company and above related parties are determined according to the comparable fair market prices. Relevant expenses for the entrusted loans will not exceed such rates declared by commercial banks during the occurrence of those transactions. The bill discounting rate and the rate for the settlement and sale of foreign exchanges will not exceed market levels during the occurrence of transactions.
The Company and its subsidiaries will promote the special refrigeration equipments supporting the windpower equipments for Shanghai Electric Windpower Equipment Co., Ltd., which is good for them to expand the sales of new products.
The Company and its subsidiaries will gain financing from Shanghai Electric Group Finance Company Ltd. and entrust it to gain loans, which enable the Company to have many financial sources and gain funds with reasonable financing costs and entrusted loan fees. Besides, they can make financing from the commercial banks according to the credit and financing costs, which exists no dependency on related parties.
The related-party transactions relevant to routine operation business conducted by the Company and its subsidiaries with the related parties is in accordance with the market pricing principle and relevant negotiation principles; with no harm done to the related parties and the non-related shareholders. And each kind of transactions occupies small proportion in the same kind of business of the Company. And whether these related-party transactions will continue depends on needs of the Company in its production and operation.
V. Opinion of independent directors
The independent directors of the Company have conducted the pre-audit and approved the above related transactions, then hereby issue the independent opinion as follows:
1. The above transactions are all the needs for the Company's routine operations. Pricing and settlement involved are based on market prices. All these transactions are conducted in compliance with the fair principle and relevant negotiation principles, with no harm done to involved parties and shareholders not involved in those transactions.
2. The financing interest rate, bill discounting rate and rate for the instant settlement and sale of foreign exchanges between the Company (with its subsidiaries) and Shanghai Electric Group Finance Company Ltd. are determined according to the market principle, which will not incur more financial costs for the Company and its subsidiaries and thus keep the financing cost at a reasonable level. Therefore, these transactions will not do harm to the Company and other shareholders, especially interests of minority and non-related shareholders.
3. The aforesaid related-party transactions will be submitted to the Board of Directors and then the Shareholders' General Meeting for review. The approval procedure is in line with requirements of the Stock Listing Rules of the Shanghai Stock Exchange and the Company's Articles of Association.
VI. Documents available for reference
1. The resolutions of the 13th Session of the 6th Board of Directors
2. Independent opinion of the independent directors on the related-party transactions for 2013

Board of Directors
Shanghai Highly (Group) Co., Ltd.
19 March 2013

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Shanghai Highly (Group) Co., Ltd
Announcement on External Guarantees

The Board of Directors of Shanghai Highly (Group) Co., Ltd. (hereinafter referred to as "the Company") and all its directors hereby ensure that the information carried in this announcement is factual, accurate and complete, and shall be jointly and severally liable for any false record, misleading statement or material omission in this announcement. The English translation is for reference only.

Abstract of important contents:
● Full name of warrant and guarantee amount
● 1. Shanghai Hitachi Electrical Appliances Co., Ltd. (hereinafter referred to as "Shanghai Hitachi"): Guarantee amount was RMB 300 million for this time. The Company offered guarantee for Shanghai Hitachi with accumulative amount of RMB 300 million.
2. Shanghai Highly Foundry Co., Ltd. (hereinafter refer to as "Highly Foundry"): Guarantee amount was RMB 65 million for this time. The Company offered guarantee for Highly Foundry with accumulative amount of RMB 65 million.
3. Shanghai Highly Special Refrigeration Equipment Co., Ltd. (hereinafter refer to as "Highly SRE"): Guarantee amount was RMB 35 million for this time. The Company offered guarantee for Highly SRE with accumulative amount of RMB 35 million.
4. Shanghai Highly Group Trading Co., Ltd. (hereinafter refer to as "Highly Trading"): Guarantee amount was RMB 50 million for this time. The Company offered guarantee for Highly Trading with accumulative amount of RMB 50 million.
5. Anhui Highly Precision Foundry Co., Ltd. (hereinafter refer to as "Anhui Highly"): Guarantee amount was RMB 151 million for this time. The Company offered guarantee for Anhui Highly with accumulative amount of RMB 151 million.
● As of 31 Dec. 2012, balance of guarantee of the Company was RMB 355.10 million.
● As of 31 Dec. 2012, no outward guarantee offered by the Company was overdue.
I. Overview of guarantees
Shanghai Highly (Group) Co., Ltd. (hereinafter refer to as "Shanghai Highly" or "the Company") convened the 13th Session of the Sixth Board of Directors on 15 Mar. 2013, at which the Proposal on the Company Offering Outward Guarantee for 2013 was reviewed and approved unanimously. The Board approved a total external guarantee amount of RMB 811 million according to the scope caliber of consolidated statements of Shanghai Highly for 2013 (including 75% guarantee amount provided for Nanchang Highly by Shanghai Hitachi). To be specific, total guarantee amount offered by the Company (without subsidiaries) is RMB 601 million, of which guarantee amount for Shanghai Hitachi, Highly Foundry, Highly Trading, and Anhui Highly respectively is RMB 300 million, RMB 65 million, RMB 35 million, RMB 50 million and RMB 151 million. Shanghai Hitachi offered guarantee for its subsidiary company Nanchang Highly with amount of RMB 280 million (which should be RMB 210 million according to the scope caliber of consolidated statements). In line with Stock Listing Rules, Articles of Association and other relevant regulations, the above mentioned external guarantee matters shall be submitted for review and approval of the 2012 Shareholders' General Meeting of the Company after being reviewed and approved by the Board of Directors of the Company.
II. Profile of guaranteed units
1. Shanghai Hitachi Electrical Appliances Co., Ltd.
Relationship with the Company: a controlled subsidiary of the Company with the Company holding 75% stake in it
Registered capital: RMB 273.04 million
Legal representative: Shen Jianfang
Registered address: 888 Jinqiao Ningqiao Rd., Pudong, Shanghai
Business scope: design and manufacture of refrigeration and A/C compressors and relevant

Appendix 1

Comparison Table About

Total amount of raised funds					49,728.95	
Total amount of raised funds changing purposes					0.00	
Proportion of raised funds changing purposes					0.00	
Projects promised to be invested	Changed projects including partially changed projects	Total amount of raised funds promised to be invested	Total invested amount after adjustment	Amount of funds promised to be invested till the period(1)	Invested amount of this year	Accumulative amount of invested funds closing(2)
1. Transformation and capacity expansion project of small-sized energy-saving fluorine-free compressor with variable frequency	—	9,375.00	9,375.00	9,375.00	9,375.00	
2. New-added capacity project of highly efficient Series L compressor	—	18,000.00	18,000.00	18,000.00	18,000.00	
3. Added operation funds	—	23,260.00	22,353.95	22,353.95	22,353.95	
Total	—	50,635.00	49,728.95	49,728.95	49,728.95	
reasons why failing to achieve target progress (Give specific investment projects)						
Explanation about significant changes in the feasibility of projects						
Advanced investment and displacement of projects invested by raised funds					According to Shanghai in 2010, resolution of plan of non-public is the investment project funds and announced	
Circulating funds temporarily supplemented by idle raised funds						
Balance of raised funds and its causes						
Other usage of raised funds						

Note 1: "Total amount of invested raised funds this year" includes "Invested amount of this year" after raised funds are credited into account.

Note 2: "Amount of raised funds promised to be invested till the closing period" is determined according to the latest disclosed investment plan of raised funds.

Note 3: The calculation caliber and method of "Benefit realized this year" are the same with those of the promised benefits.

Note 4: The day when the planned inputs for a raised-funds-invested project are basically finished and the project officially goes into production is considered the day when the project