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哈电集团
HARBIN ELECTRIC CORPORATION

哈尔滨电气股份有限公司

HARBIN ELECTRIC COMPANY LIMITED

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1133)

**SUPPLEMENTAL ANNOUNCEMENT IN RESPECT OF
THE ANNOUNCEMENT REGARDING
CONTINUING CONNECTED TRANSACTIONS —
FINANCIAL SERVICES FRAMEWORK AGREEMENT
AND
SUPPLEMENTAL AGREEMENT TO
THE FINANCIAL SERVICES FRAMEWORK AGREEMENT**

Reference is made to the “Continuing Connected Transactions — Financial Services Framework Agreement” announcement (the “Announcement”) issued by Harbin Electric Company Limited (the “Company”) on 9 December 2016 regarding the continuing connected transactions in relation to the provision of financial services to the Unlisted Harbin Electric Group by the Company.

Unless the context otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

The Company hereby provides supplemental description for the financial services as mentioned in the Announcement.

As for the financial services provided by the Company

As stated in the Announcement, the financial services provided by the Company to the Unlisted Harbin Electric Group include:

- (1) provision of financial and financing advice, credit assurance and relevant consulting and agency businesses for the Unlisted Harbin Electric Group;
- (2) assisting the Unlisted Harbin Electric Group in the receipt and payment of transaction monies;
- (3) approved insurance agency business;
- (4) provision of guarantees for the Unlisted Harbin Electric Group;

- (5) entrusted loans and entrusted investments among members of the Unlisted Harbin Electric Group;
- (6) provision of bill acceptance and discounting services for the Unlisted Harbin Electric Group;
- (7) internal transfer and settlement among the members of the Unlisted Harbin Electric Group and formulation of proposals for the corresponding settlement and clearing;
- (8) placing deposits by the Unlisted Harbin Electric Group;
- (9) provision of the Loan Services (including the loans provided by the Finance Company to the Unlisted Harbin Electric Group and the entrusted loans provided by the Group through the Finance Company to the Unlisted Harbin Electric Group) and finance leasing services for the Unlisted Harbin Electric Group;
- (10) engaging in inter-bank borrowings;
- (11) investment in marketable securities (other than investment in stocks);
- (12) provision of buyer credit and finance leasing services for the products of Unlisted Harbin Electric Group;
- (13) other businesses approved by the China Banking Regulatory Commission.

As further verified by the Company, some of the financial services, which are businesses conducted with other parties or businesses yet to commence, including: (3) approved insurance agency business; (10) engaging in inter-bank borrowings; (11) investment in marketable securities (other than investment in stocks); (12) provision of buyer credit and finance leasing services for the products of Unlisted Harbin Electric Group; and (13) other businesses approved by the China Banking Regulatory Commission, will not be provided to the Unlisted Harbin Electric Group.

Accordingly, the Company signed a supplemental agreement to the Financial Services Framework Agreement (the “Supplemental Agreement”) with Harbin Electric on 22 February 2017, to amend the terms of the Financial Services Framework Agreement by deleting the above financial services not to be provided to the Unlisted Harbin Electric Group, pursuant to the provisions of the Supplemental Agreement.

As for the Depository Services

The interest rates of the Depository Services provided by the Company to the Unlisted Harbin Electric Group are at fair and reasonable market rates and on normal commercial terms, which are the prevailing interest rates applicable to the same depository services provided by general commercial banks in the PRC to the Unlisted Harbin Electric Group, and no assets of the Company are pledged as security, thus the transactions are fully exempt from shareholders’ approval, annual review and other disclosure requirements pursuant to Rule 14A.90 of the Listing Rules.

As for the Other Financial Services

As amended by the Supplemental Agreement, Other Financial Services provided by the Company to the Unlisted Harbin Electric Group include:

- (1) provision of financial and financing advice, credit assurance and relevant consulting and agency businesses for the Unlisted Harbin Electric Group;
- (2) assisting the settlement of the transaction monies for the Unlisted Harbin Electric Group;
- (3) handling entrusted loans and entrusted investments among members of the Unlisted Harbin Electric Group; and
- (4) handling the internal transfer settlement and corresponding settlement between the Unlisted Harbin Electric Group and the design of settlement plan.

The charges for the Other Financial Services provided by the Company to the Unlisted Harbin Electric Group are at fair and reasonable market rates and on normal commercial terms, which are determined with reference to financial market conditions and the industry benchmarks as well as the prevailing rates applicable to the same services provided by general commercial banks in the PRC to the Unlisted Harbin Electric Group. The Company determines the annual transaction caps of service charges and handling fees for the Other Financial Services provided by the Company to the Unlisted Harbin Electric Group with reference to the development of the operating capacity of the Finance Company, a subsidiary of the Company, and the business requirements of the Unlisted Harbin Electric Group.

whereby:

- (1) It is expected that the maximum annual service charges and handling fees charged for the provision of financial and financing advice, credit assurance and relevant consulting and agency services for the Unlisted Harbin Electric Group will not exceed RMB2.2 million;
- (2) It is expected that the maximum annual service charges and handling fees charged for assisting the settlement of the transaction monies for the Unlisted Harbin Electric Group will not exceed RMB 0.1 million;
- (3) It is expected that the maximum annual service charges and handling fees charged for handling entrusted loans and entrusted investments among members of the Unlisted Harbin Electric Group will not exceed RMB1.5 million; and
- (4) It is expected that the maximum annual service charges and handling fees charged for handling the internal transfer settlement and corresponding settlement between the Unlisted Harbin Electric Group and the design of settlement plan will not exceed RMB 0.1 million.

As it is expected that each of the applicable percentage ratios for the Other Financial Services calculated in accordance with the Listing Rules will not exceed 0.1%, the transactions shall be fully exempt from shareholders' approval, annual review and other disclosure requirements pursuant to Rule 14A.76(1) of the Listing Rules.

Save as disclosed above, all other information in the Announcement remains unchanged.

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

Harbin, PRC
22 February 2017

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. Yu Bo, Mr. Liu Deng-qing and Mr. Yu Wen-xing.