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**BACKGROUND TO AND REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS**

The Company and the, in Company entered into on December 0, 0 / p n o l c l e o p l e e n p o d n o n d e c e n o l e , e n o p c e n e e n d p p o e c e c l e e e n d l e n n c p o l e n c o n c o n e p e d l e e n d e e e l e l e c o l e C o p n y ' n n o n c e e n d e d D e c e e 0 0 l e l e o p l e e n e e o e d i c e e q e e n o e e e n d p p o e c e o l e , e n o p / l e c o n n o n o l e e c e p n d p o o n o e c e e e e n o p n d l e , e n o p n e e l e e n e c e y

and the the ne o l o o p / o p e q e c e n e / c c e o y p n d p o c e n e c e o n n e d e o p e n l e B o d c o n d e l e e n o p l e o n e e l e q y o e n d e c e p o d e d e p o d e l e q y e n d e e e c e e o n e p c e o p y o n p o y e n c e n p e o y p o d i c n o l e p o d i c o n p o c e o o p o l e , e n o p

The On A ee en l e p e d n e o l e p o d i c o n n d o p e o n n e e d / l e C o p n y e n e e d n o l e N e A ee en l e , e n C o p n y o n D e c e e 0 l e N e A ee en p p o e d y l e B o d o n n y 0 4 n d c e n o e e c o n y 0 4 l e D e c o c o n d e e n e c o o p o c e l e n e e n o l e n e n c o n e n o l e p o o n o e c e n d l e d n o e n d c c e o y p l e e e n l e D e c o n d n l e n d e n d e n o n e e c l e D e c o e e e l e e o l e A ee en n d n l e N e A n n C p e o n n o c o e c e / n d e o n e n l e o d n y c o e o n e o o p n d n l e n e e o l e C o p n y n d l e l e d e l e e

**THE NEW AGREEMENT**

December 0, 0 /  
 the Company and  
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**Cross-provision of services**

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## Cross-supply of materials and accessory parts

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**HISTORICAL VALUES AND THE NEW ANNUAL CAPS**

**Provision of services under the Original Agreement**

The provision of services under the Original Agreement for the year ended 30 June 2013 is as follows:

*Transactions for the year ended 30 June 2013*

	Transaction Item	Provision of services to the Parent Group	Provision of services by the Parent Group	Sale of materials and accessory parts to the Parent Group	Purchase of materials and accessory parts from the Parent Group
Year ended 30 June 2012	Announcement of provision of services	140	106	16	46
Year ended 30 June 2013	Announcement of provision of services	10	10	4	1
Year ended 30 June 2014	Announcement of provision of services	10	16	44	10
Year ended 30 June 2015	Announcement of provision of services	10	10	6	4

The above information is provided for the Company and its connected entities.

**New Annual Caps**

The following table shows the new annual caps for the year ended 30 June 2013:

Transaction Item	Provision of services to the Parent Group	Provision of services by the Parent Group	Sale of materials and accessory parts to the Parent Group	Purchase of materials and accessory parts from the Parent Group
Year ended 30 June 2014	1000	1000	600	100
Year ended 30 June 2015	1000	1000	600	100
Year ended 30 June 2016	1000	1000	600	100

The above information is provided for the Company and its connected entities.

**GENERAL**

The Corp principal office is located in the city of Beijing, P.R. of China. The Corp is a public company listed on the Shanghai Stock Exchange. The Corp is a leading manufacturer and exporter of electrical equipment in China. The Corp is a member of the China Electrical Equipment Association. The Corp is a leading manufacturer and exporter of electrical equipment in China. The Corp is a member of the China Electrical Equipment Association.

The Corp is a public company listed on the Shanghai Stock Exchange. The Corp is a leading manufacturer and exporter of electrical equipment in China. The Corp is a member of the China Electrical Equipment Association.

According to the National Company Law of the P.R. of China, the Corp is a public company. The Corp is a leading manufacturer and exporter of electrical equipment in China. The Corp is a member of the China Electrical Equipment Association. The Corp is a leading manufacturer and exporter of electrical equipment in China. The Corp is a member of the China Electrical Equipment Association.

**DEFINITIONS**

In this prospectus, unless otherwise specified, the following definitions apply:

- “Company” means the Harbin Electric Group Company Limited, a public company incorporated in the P.R. of China.
- “Board” means the Board of Directors of the Company.
- “connected person” means a person as defined in the Listing Rules.
- “Director” means a director of the Company.
- “Onset Date” means the date on which the Company commenced its operations.
- “Corp” means the Company.
- “concerned person” means a person as defined in the Listing Rules.
- “Harbin Electric” means Harbin Electric Group Company Limited, a public company incorporated in the P.R. of China.
- “Listing Rules” means the Listing Rules of the Exchange.

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By o de o the Bo d  
**Harbin Electric Company Limited**  
**Gao Xu-Guang**  
Company Secretary

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*As at the date of this announcement, the executive Directors of the Company are Mr. Wu Wei-zhang, Mr. Zhang Ying-jian, Mr. Song Shi-qi and Mr. Shang Zhong-fu; the non-executive Directors of the Company are Mr. Gong Jing-kun and Mr. Zou Lei; and the independent non-executive Directors of the Company are Mr. Sun Chang-ji, Mr. Fan Fu-chun, Mr. Jia Cheng-bing, Mr. Yu Bo and Mr. Liu Deng-qing.*