

**THIS SUPPLEMENTAL CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Harbin Power Equipment Company Limited (the “Company”), you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**哈尔滨动力设备股份有限公司**

**HARBIN POWER EQUIPMENT COMPANY LIMITED**

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

**(Stock Code: 1133)**

**SUPPLEMENTAL CIRCULAR TO  
THE CIRCULAR DATED 18 MAY 2011  
RELATING TO  
CONTINUING CONNECTED TRANSACTIONS  
IN RESPECT OF THE DEPOSITORY SERVICES UNDER  
THE FINANCIAL SERVICES FRAMEWORK AGREEMENT**

**Independent financial adviser to the Independent Board Committee  
and the Independent Shareholders**



This supplemental circular should be read together with the Company's circular to Shareholders dated 18 May 2011 (the “Circular”). A letter of recommendation from the Independent Board Committee is set out on page 17 of the Circular and a letter of recommendation from China Merchants Securities (HK) Co., Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 18 to 32 of the Circular.

A notice convening the extraordinary general meeting (the “EGM”) of Harbin Power Equipment Company Limited to be held at 17th Floor Meeting Room, Block B, 39 Sandadongli Road, Xiangfang District, Harbin, Heilongjiang Province, the People's Republic of China on Wednesday, 6 July 2011 at 9:00 a.m. is set out on pages 38 to 39 of the Circular. A form of proxy for use at the EGM has been enclosed and despatch with the Circular.

15 June 2011

LETTER FROM THE BOARD



哈尔滨动力设备股份有限公司

HARBIN POWER EQUIPMENT COMPANY LIMITED

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

(Stock Code: 1133)

*Non-Executive Directors:*

Mr. Gong Jing-kun  
Mr. Zou Lei  
Mr. Duan Hong-yi

*Executive Directors:*

Mr. Wu Wei-zhang  
Mr. Shang Zhong-fu

*Independent Non-Executive Directors:*

Mr. Sun Chang-ji  
Mr. Jia Cheng-bing  
Ms. Li He-jun  
Mr. Yu Bo  
Mr. Liu Deng-qing

*Registered Office and headquarters:*

Block 3 Nangang District  
High-Technology Production Base  
Harbin, Heilongjiang  
PRC

*Principal Place of Business*

*in Hong Kong:*  
20th Floor  
Alexandra House  
18 Chater Road  
Central  
Hong Kong

15 June 2011

*To the Shareholders*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS  
IN RESPECT OF THE DEPOSITORY SERVICES UNDER  
THE FINANCIAL SERVICES FRAMEWORK AGREEMENT**

Reference is made to the circular of the Company dated 18 May 2011 (the "Circular") and the announcement of the Company dated 2 June 2011 in respect of, among other things, continuing connected transactions of the Company contemplated under the Financial Services Framework Agreement. Terms defined in the Circular shall have the same meaning when used herein unless the context requires otherwise.

As disclosed in the Circular, the Company entered into the Financial Services Framework Agreement with the Finance Company pursuant to which, among other things, the Group may from time to time deposit money with the Finance Company. It is stated in the Circular that moneys deposited by the Company and its subsidiaries with the Finance Company may only be deployed for services or products provided by PBOC or one or more other commercial banks in the ordinary course of their business. On 1 June 2011 and 8 June 2011, the Company and the Finance Company executed a letter respectively to clarify that the deposits placed by the Company and its subsidiaries in the Finance Company under the Financial Services Framework Agreement may be deployed only for the use of the

## LETTER FROM THE BOARD

Company and its subsidiaries, and any remaining amounts may only be deployed for services or products provided by PBOC or one or more other PRC commercial banks in the ordinary course of their business.

### RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the view that the Financial Services Framework Agreement was entered into in the ordinary and usual course of business of the Group on normal commercial terms and the terms of which (including the proposed maximum daily amount to be deposited with the Finance Company and the subsequent clarification mentioned above) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

A letter of recommendation from the Independent Board Committee which contains its recommendation to the Independent Shareholders is set out on page 17 of the Circular. The advice of the IFA to the Independent Board Committee and the Independent Shareholders as to whether the terms of the Depository Services and the annual caps in respect thereof are fair and reasonable and in the interest of the Company and its Independent Shareholders as a whole is set out on pages 18 to 32 of the Circular.

The IFA confirms that its view and recommendation set out on pages 18 to 32 of the Circular remains unchanged. Having taken into account the advice of the IFA, the Independent Board Committee confirms that its view and recommendation set out on page 17 of the Circular remains unchanged.

### EGM

A notice convening the extraordinary general meeting (the “EGM”) of Harbin Power Equipment Company Limited to be held at 17th Floor Meeting Room, Block B, 39 Sandadongli Road, Xiangfang District, Harbin, Heilongjiang Province, the People’s Republic of China on Wednesday, 6 July 2011 at 9:00 a.m. is set out on pages 38 to 39 of the Circular. A form of proxy for use at the EGM has been enclosed and despatched with the Circular.

### RESPONSIBILITY STATEMENT

This supplemental circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Yours faithfully,  
By order of the Board  
**Harbin Power Equipment Company Limited**  
**MA Sui**  
*Company Secretary*