



哈尔滨电气股份有限公司

HARBIN ELECTRIC COMPANY LIMITED

Harbin Electric Company Limited
(哈爾濱電氣股份有限公司)

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

(Stock Code: 1133)

20 March 2019

To the Independent Shareholders

Dear Sir or Madam,

- (1) VOLUNTARY CONDITIONAL OFFER BY CITIGROUP ON BEHALF OF
HEG TO ACQUIRE ALL OF THE ISSUED H SHARES IN HEC**
- (2) PROPOSED VOLUNTARY WITHDRAWAL OF LISTING OF THE H
SHARES OF HEC**
- AND**
- (3) PROPOSED MERGER BY ABSORPTION OF HEC BY HEG**

INTRODUCTION

We refer to the Composite Document dated 20 March 2019 jointly issued by HEC and HEG of which this letter forms part. Unless the context requires otherwise, terms used in this letter shall have the same meanings as those defined in the Composite Document.

We have been appointed to form the Independent Board Committee to consider the terms of the H Share Offer, the Delisting and the Merger Agreement and the Merger contemplated thereunder and to make a recommendation to the Independent Shareholders as to whether, in our opinion, the terms of the H Share Offer, the Delisting, and the Merger Agreement and the Merger contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned, and as to the acceptance of the H Share Offer and

the voting of the Delisting, the Merger Agreement and the Merger contemplated thereunder. Somerley has been appointed as the Independent Financial Adviser to advise us in this respect. Details of Somerley's advice and the principal factors and reasons taken into consideration in arriving at its advice and recommendations are set out in the "Letter from the Independent Financial Adviser" from pages 27 to 59 of the Composite Document.

We also wish to draw your attention to the "Letter from the HEC Board", the "Letter from Citigroup" and the additional information set out in the appendices to the Composite Document.

We, being the members of the Independent Board Committee, have declared that, as disclosed in Appendix IV to the Composite Document, we are independent and do not have any conflict of interest in respect of the H Share Offer, the Delisting, the Merger Agreement and the Merger contemplated thereunder or any direct or indirect interest therein and are therefore able to consider the terms of the H Share Offer, the Delisting, the Merger Agreement and the Merger contemplated thereunder and to make recommendations to the Independent Shareholders.

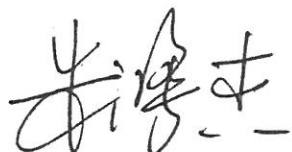
RECOMMENDATIONS

Having taken into account the terms of the H Share Offer, the Delisting, the Merger Agreement and the Merger contemplated thereunder, together with the advice and recommendations from Somerley, we are of the opinion that the terms of the H Share Offer, the Delisting and the Merger are fair and reasonable so far as the Independent Shareholders are concerned and therefore we recommend the Independent Shareholders to (i) accept the H Share Offer and (ii) vote in favour of the resolutions approving the Delisting (if applicable), the Merger Agreement and the Merger contemplated thereunder at the Extraordinary General Meeting and the H Share Class Meeting.

Notwithstanding our recommendation, the Independent Shareholders are strongly advised that the decision to realise or to hold their investment is subject to individual circumstances and investment objectives. If in doubt, the Independent Shareholders should consult their own professional advisers for professional advice.

Furthermore, the Independent Shareholders who wish to accept the H Share Offer are recommended to read carefully the procedures for accepting the H Share Offer as detailed in the Composite Document and the accompanying Form of Acceptance.

Yours faithfully,
For and on behalf of
Independent Board Committee



Mr. ZHU Hong-jie

*Independent
non-executive
Director*

Mr. YU Wen-xing

*Independent
non-executive
Director*

Mr. HU Jian-min

*Independent
non-executive
Director*

Mr. TIAN Min

*Independent
non-executive
Director*

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For and on behalf of
Independent Board Committee



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