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**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)**

**ANNOUNCEMENT IN RELATION TO THE AUDIT ON  
RELEVANT ISSUES CONCERNING  
THE CONTROLLING SHAREHOLDER OF  
THE COMPANY BY THE NATIONAL AUDIT OFFICE**

The Board of Directors (the “**Board**”) of Harbin Electric Company Limited (the “**Company**”) hereby announces that the National Audit Office of the People’s Republic of China (the “**CNAO**”) conducted an audit in 2016 on the financial revenues and expenditures of Harbin Electric Corporation (“**HE**”), the controlling shareholder of the Company, for the year 2015 (and extended retrospective period to 2006). The audit findings was published on the website of the CNAO (<http://www.audit.gov.cn/>) on 23 June 2017 and HE has also published its corresponding rectification details on its corporate website (<http://www.harbin-electric.com/>).

The Company has attached great attention to the relevant issues in relation to the Company and its subsidiaries identified in the audit and has supervised the implementation of related issues one by one and the carrying out of rectification measures by relevant subsidiaries.

The issues identified in the audit have no material impact on the overall operating results and financial conditions of the Company.

The Company, together with its subsidiaries, will further increase its awareness of compliance in business operations, enhance management system and strengthen internal control in order to guarantee the sustainable healthy development of the Company.

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

Harbin, PRC  
26 June 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. Liu Deng-qing, Mr. Yu Wen-xing, Mr. Hu Jian-min and Mr. Zhu Hong-jie.*