

3. Subject matters of the Equity Cooperation Agreement

The Company and the Lessor agree to cooperate in the business of the Finance Lease Company.

4. Business scope of the Finance Lease Company

The business of the Finance Lease Company includes: financing lease; purchase and sale of goods; factoring; and other financial services; and other financial services (including but not limited to the above).

5. Amount and method of capital contribution

The registered capital of the Finance Lease Company is RMB500,000,000 (equivalent to HK\$556,086,928), of which the Company contributes RMB400,000,000 (equivalent to HK\$444,869,542) and the Lessor contributes RMB100,000,000 (equivalent to HK\$111,217,386). The Company holds 80% of the shares, and the Lessor holds 20% of the shares.

The Lessor shall contribute the capital to the Finance Lease Company in accordance with the Equity Cooperation Agreement.

The Company and the Lessor agree to cooperate in the business of the Finance Lease Company, and the Lessor shall contribute the capital to the Finance Lease Company in accordance with the Equity Cooperation Agreement.

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6. The board of directors, supervisory committee and the management of the Finance Lease Company

The board of directors of the Finance Lease Company shall elect the supervisory committee (hereinafter referred to as the "Supervisory Committee"). The Supervisory Committee shall have the right to elect and dismiss the members of the board of directors of the Finance Lease Company. The Supervisory Committee shall have the right to elect and dismiss the members of the board of directors of the Finance Lease Company.

The board of directors of the Finance Lease Company shall have the right to elect and dismiss the members of the Supervisory Committee. The Supervisory Committee shall have the right to elect and dismiss the members of the board of directors of the Finance Lease Company.

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7. Profit distribution

The profit of the Finance Lease Company shall be distributed to the shareholders of the Finance Lease Company. The profit of the Finance Lease Company shall be distributed to the shareholders of the Finance Lease Company.

8. Equity transfer and change of registered capital

Members of the Company shall have the right to transfer their shares to other members of the Company. The transferee shall be a natural person who is a resident of the People's Republic of China. The transfer of shares shall be subject to the approval of the Board of Directors. The Company shall register the change of shares in accordance with the provisions of the Company Law of the People's Republic of China. The Company shall issue a new share certificate to the transferee and cancel the original share certificate. The Company shall also update its share register accordingly.

If the Company's registered capital is increased, the existing shareholders shall have the right to subscribe the new shares in proportion to their existing shares. If the Company's registered capital is decreased, the existing shareholders shall have the right to subscribe the new shares in proportion to their existing shares. The Company shall register the change of registered capital in accordance with the provisions of the Company Law of the People's Republic of China.

9. Effect and operation term of the Equity Cooperation Agreement

The Equity Cooperation Agreement shall be effective from the date of its signing by both parties. The term of the Equity Cooperation Agreement shall be three (3) years, starting from the date of its signing. The Equity Cooperation Agreement shall be automatically renewed for another three (3) years unless either party gives notice of termination in writing to the other party at least thirty (30) days before the expiration of the term. The Equity Cooperation Agreement shall terminate if either party breaches the terms of the agreement.

The Equity Cooperation Agreement shall be signed by the authorized representatives of both parties.

REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUITY COOPERATION AGREEMENT

1. The Equity Cooperation Agreement shall be entered into for the purpose of strengthening the cooperation between the two parties and promoting the development of the Company.
2. The Equity Cooperation Agreement shall be entered into for the purpose of providing the Company with the necessary capital and resources to carry out its business operations. The Equity Cooperation Agreement shall also provide the Company with the necessary support and assistance from the other party.

3. The Board of Directors of the Company, by resolution, has authorized the Company to issue up to 5% of its authorized capital of 1,000,000,000 shares, of which 25% shall be reserved for the Company's employees. The Company has not yet issued any shares under this authorization.

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INFORMATION ABOUT THE COMPANY AND TIANJIN LINGANG

The Company is a limited liability company established in the People's Republic of China. The Company's registered office is located at No. 1, Avenue of the Future, Tianjin Lingang. The Company's business scope includes the development, production, and sales of various types of steel products.

The Company's shares are listed on the Shanghai Stock Exchange. The Company's fiscal year ends on December 31st of each year. The Company's financial statements are audited by a qualified accounting firm.

IMPLICATIONS UNDER THE LISTING RULES

As a public company, the Company is subject to the Listing Rules of the Shanghai Stock Exchange. The Company's financial performance and other information are disclosed to the public in accordance with the Listing Rules. The Company's shares are traded on the Shanghai Stock Exchange.

DEFINITIONS

In accordance with the meaning of the words, unless otherwise specified:

Bad – the bad debt of the Company;

Company – Harbin Electric Company Limited* (哈爾濱電氣股份有限公司), a company incorporated in the PRC and established by the Harbin Electric Company Limited; and

Exchange – the Exchange Act Amendment – effective as from the commencement of the Company's adoption of the Law of the PRC effective from December 2019;

Finance Lease Company – Harbin Electric Finance Lease Company Limited* (哈電融資租賃有限責任公司) (a company), a company established by the Company and the Law of the PRC;

HK\$ – Hong Kong dollar, the official currency of Hong Kong;

HK – the Hong Kong Securities and Futures Commission of the PRC;

Legal Representative – the Registered Legal Representative of the Company;

PRC – the People's Republic of China;

Shareholder – the shareholder of the Company;

Securities – the Securities of the Company;

T a L a - T a L a I . e . e H d C . , L d . * (天津臨港投資控股有限公司);

RMB- R e b , e a f c e q f e PRC;

I a c e , a a f RMB HK\$ b a e d e e c a e a e
f HK\$1.00 = RMB0.89914. T f e e f a y a d d e
c e a e e e a a a y a a e b e e , c d a e b e e a y b e
c . e e d a c a e a y e e c a e a e .

* F d e f c a e y

B y O d e f e B a d
Harbin Electric Company Limited
Si Ze-fu
C a a

H a b , PRC
23 D e c e m b e r 2019

A a e d a e f a c e e , e e e c . e d e c f e C a y a e M .
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