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Harbin Electric Corporation Co., Ltd.

(哈爾濱電氣集團有限公司)

(A wholly state-owned company incorporated in the People's Republic of China)



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)*

JOINT ANNOUNCEMENT

POLL RESULTS OF THE EXTRAORDINARY GENERAL MEETING AND THE H SHARE CLASS MEETING IN RELATION TO

**(1) VOLUNTARY CONDITIONAL OFFER
BY CITIGROUP GLOBAL MARKETS ASIA LIMITED ON BEHALF OF HEG
TO ACQUIRE ALL OF THE ISSUED H SHARES IN HEC**

AND

**(2) PROPOSED VOLUNTARY WITHDRAWAL
OF LISTING OF THE H SHARES OF HEC**

AND

**(3) PROPOSED MERGER BY ABSORPTION
OF HEC BY HEG**

EXCLUSIVE FINANCIAL ADVISER TO HEG



Citigroup Global Markets Asia Limited

Reference is made to (i) the announcement jointly issued by Harbin Electric Corporation Co., Ltd. (“**HEG**”) and Harbin Electric Company Limited (“**HEC**” or the “**Company**”) dated 24 December 2018 (the “**Joint Announcement**”) in relation to the voluntary conditional offer by Citigroup Global Markets Asia Limited on behalf of HEG to acquire all of the issued H Shares in HEC (the “**H Share Offer**”); the proposed voluntary withdrawal of listing of the H Shares of HEC (the “**Delisting**”); and the proposed merger by absorption of HEC by HEG (the “**Merger**”); (ii) the announcements jointly issued by HEG and HEC dated 14 January 2019 and 21 February 2019, respectively in relation to the delay in despatch of the composite document (the “**Composite Document**”); (iii) the announcement jointly issued by HEG and HEC dated 20 March 2019 in relation to the despatch of the Composite Document; (iv) the Composite Document jointly issued by HEG and HEC, the notice of the Extraordinary General Meeting and the notice of the H Share Class Meeting, each dated 20 March 2019; and (v) the voluntary announcement jointly issued by HEG and HEC dated 26 April 2019 in relation to the notice of the Extraordinary General Meeting and the notice of the H Share Class Meeting. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Composite Document.

RESULTS OF THE EXTRAORDINARY GENERAL MEETING AND THE H SHARE CLASS MEETING

The HEG Board and the HEC Board are pleased to announce that (i) the special resolution to approve the Merger by the HEC Shareholders was duly passed by way of poll at the Extraordinary General Meeting held on 7 May 2019; and (ii) the special resolutions to approve the Delisting and the Merger respectively by the Independent Shareholders were duly passed by way of poll at the H Share Class Meeting held on 7 May 2019.

The Extraordinary General Meeting and the H Share Class Meeting were held at the conference room of HEC at 1399 Chuangxinyi Road, Songbei District, Harbin, Heilongjiang Province, the PRC at 9:30 a.m. and 10:00 a.m., respectively, on Tuesday, 7 May 2019.

In compliance with the requirements of the Listing Rules and Rule 2.9 of the Takeovers Code, Mr. Chen Qingsong of BDO China Shu Lun Pan Certified Public Accountants LLP, the auditor of HEC, acted as the scrutineer for the vote-taking at the Extraordinary General Meeting and the H Share Class Meeting, respectively.

The poll results in respect of the Extraordinary General Meeting and the H Share Class Meeting are as follows:

(i) **The poll results in respect of the Extraordinary General Meeting**

No.	Special Resolution	Votes For	Votes Against
		No. of Shares (%) (Note 2)	(%) (Note 2)
1	<p>THAT subject to the passing of this same resolution by the Independent Shareholders in H Share Class Meeting, as approved by way of poll by at least 75% of the votes attaching to the H Shares held by the Independent Shareholders that are cast either in person or by proxy at the H Share Class Meeting and with the number of votes cast against the resolution by the Independent Shareholders being not more than 10% of the votes attaching to all the H Shares held by the Independent Shareholders:</p> <p>(a) the Merger Agreement, the execution of the Merger Agreement by the Company, and the Merger contemplated thereunder be and are hereby approved, ratified and confirmed; and</p> <p>(b) the board of directors of the Company, and/or unless the board of directors of the Company determines otherwise, any two directors of the Company be and are hereby authorised to take such other action and execute such documents or deeds as he may consider necessary or desirable for the purpose of implementing the Merger and all other transactions contemplated by the Merger Agreement including but not limited to:</p>	<p>1,360,787,427 99.55% (Note 1)</p>	<p>6,142,000 0.45% (Note 1)</p>

	<p>(i) establishing a specific proposal to implement the Merger based on the actual circumstances, including but not limited to determining the specific time of the Merger and the Merger Price;</p> <p>(ii) carrying out all relevant work in relation to the Merger on behalf of the Company, drafting, preparing, amending, signing, delivering and performing all agreements, announcements, circulars to shareholders and other documentation regarding the Merger and making appropriate disclosure;</p> <p>(iii) signing and submitting any report or document to any government regulatory authorities;</p> <p>(iv) unless the board of directors of the Company determines otherwise, selecting and appointing qualified professional parties, including but not limited to parties involved in the Merger such as financial advisers, lawyers etc.; and</p> <p>(v) carrying out all necessary actions, resolving and processing other matters in relation to the Merger on behalf of the Company as permitted by relevant laws (including but not limited to proceeding with the procedures for the cancellation of the industrial and commercial registration of the Company).</p>		
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Notes:

1. Based on the total number of the votes attaching to all the HEC Shares held by the HEC Shareholders cast in person or by proxy at the Extraordinary General Meeting.

2. The percentage figures included in the poll results in respect of the Extraordinary General Meeting above have been subject to rounding adjustments.

As at the date of the Extraordinary General Meeting, the total number of issued HEC Shares is 1,706,523,000, comprising 1,030,952,000 Domestic Shares and 675,571,000 H Shares, which was the total number of HEC Shares entitling the holders to attend and vote for or against the resolution at the Extraordinary General Meeting.

There were no restrictions imposed on any HEC Shareholder to cast votes on the aforesaid resolution passed at the Extraordinary General Meeting. There was no HEC Share entitling the HEC Shareholder to attend and vote only against the resolution at the Extraordinary General Meeting or to abstain from voting.

The Extraordinary General Meeting was convened by the HEC Board and chaired by Mr. Si Ze-fu, an executive Director. HEC Shareholders and authorised proxies holding an aggregate of 1,366,929,427 HEC Shares, representing approximately 80.10% of the total issued share capital of HEC were present at the Extraordinary General Meeting.

With respect to the special resolution at the Extraordinary General Meeting, since more than two-thirds of the votes attaching to the HEC Shares held by the HEC Shareholders present in person or by proxy at the Extraordinary General Meeting were cast in favour of the resolution, the special resolution was passed by way of poll at the Extraordinary General Meeting in accordance with the requirements of the PRC Company Law and the Articles of HEC.

(ii) The poll results in respect of the H Share Class Meeting

No.	Special Resolutions	Votes For	Votes Against
		No. of Shares (%) (Note 3)	
1	THAT:	284,008,378	2,494,549
		99.13%	0.87%
	(a) subject to minimum valid acceptances of the H Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as HEG may, subject to the Takeovers Code decide) amounting to at least 90% of the H Shares in issue, the Delisting be and is hereby approved; and	(Note 1)	(Note 1)
		42.04%	0.37%
		(Note 2)	(Note 2)

	<p>(b) the board of directors of the Company, and/or unless the board of directors of the Company determines otherwise, any two directors of the Company be and are hereby authorised to take such other action and execute such documents or deeds as he may consider necessary or desirable for the purpose of implementing the Delisting including but not limited to:</p> <ul style="list-style-type: none"> (i) establishing a specific proposal to implement the Delisting based on the actual circumstances, including but not limited to determining the specific time of the Delisting; (ii) carrying out all relevant work in relation to the Delisting on behalf of the Company, drafting, preparing, amending, signing, delivering and performing all agreements, announcements, circulars to shareholders and other documentation regarding the Delisting and making appropriate disclosure; (iii) signing and submitting any report or document to any government regulatory authorities; (iv) unless the board of directors of the Company determines otherwise, selecting and appointing qualified professional parties, including but not limited to parties involved in the Delisting such as financial advisers, lawyers etc.; and 		
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	(v) carrying out all necessary actions, resolving and processing other matters in relation to the Delisting on behalf of the Company as permitted by relevant laws.		
2	<p>THAT subject to the passing of this same resolution by the shareholders of the Company in the Extraordinary General Meeting by more than two-thirds of the votes attaching to the shares of the Company held by the shareholders of the Company that are cast either in person or by proxy at the Extraordinary General Meeting:</p> <p>(a) the Merger Agreement, the execution of the Merger Agreement by the Company, and the Merger contemplated thereunder be and are hereby approved, ratified and confirmed; and</p> <p>(b) the board of directors of the Company, and/or unless the board of directors of the Company determines otherwise, any two directors of the Company be and are hereby authorised to take such other action and execute such documents or deeds as he may consider necessary or desirable for the purpose of implementing the Merger and all other transactions contemplated by the Merger Agreement including but not limited to:</p> <p>(i) establishing a specific proposal to implement the Merger based on the actual circumstances, including but not limited to determining the specific time of the Merger and the Merger Price;</p>	<p>285,872,927 99.80% <i>(Note 1)</i> 42.32% <i>(Note 2)</i></p>	<p>580,000 0.20% <i>(Note 1)</i> 0.09% <i>(Note 2)</i></p>

	<p>(ii) carrying out all relevant work in relation to the Merger on behalf of the Company, drafting, preparing, amending, signing, delivering and performing all agreements, announcements, circulars to shareholders and other documentation regarding the Merger and making appropriate disclosure;</p> <p>(iii) signing and submitting any report or document to any government regulatory authorities;</p> <p>(iv) unless the board of directors of the Company determines otherwise, selecting and appointing qualified professional parties, including but not limited to parties involved in the Merger such as financial advisers, lawyers etc.; and</p> <p>(v) carrying out all necessary actions, to determine on and handle other specific matters in relation to the Merger on behalf of the Company as permitted by relevant laws (including but not limited to proceeding with the procedures for the cancellation of the industrial and commercial registration of the Company).</p>		
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Notes:

1. Based on the total number of the votes attaching to all the H Shares held by the Independent Shareholders cast in person or by proxy at the H Share Class Meeting.
2. Based on the total number of the votes attaching to all the H Shares held by the Independent Shareholders.

3. The percentage figures included in the poll results in respect of the H Share Class Meeting above have been subject to rounding adjustments.

The total number of H Shares entitling the Independent Shareholders to attend and vote for or against the resolutions at the H Share Class Meeting was 675,571,000 H Shares. HEG and the parties acting in concert with HEG were required to, and did, abstain from voting at the H Share Class Meeting in accordance with the Takeovers Code. There were no other restrictions imposed on any Independent Shareholders to cast votes on the aforesaid resolutions passed at the H Share Class Meeting.

There was no H Share entitling the Independent Shareholders to attend and vote only against the special resolutions at the H Share Class Meeting.

The H Share Class Meeting was convened by the HEC Board and chaired by Mr. Si Ze-fu, an executive Director. Independent Shareholders and authorised proxies holding an aggregate of 286,502,927 H Shares, representing approximately 42.41% of the total number of the votes attaching to all the H Shares held by the Independent Shareholders were present at the H Share Class Meeting.

With respect to the special resolutions at the H Share Class Meeting, since more than 75% of the votes attaching to the H Shares held by the Independent Shareholders present in person or by proxy at the H Share Class Meeting were cast in favour of resolutions and the number of votes cast against the resolutions amounted to not more than 10% of the votes attaching to all the H Shares held by the Independent Shareholders, the special resolutions were passed by way of poll at the H Share Class Meeting in accordance with the requirements of Rule 6.12 of the Listing Rules and Rule 2.2 of the Takeovers Code.

OUTSTANDING CONDITIONS AND THE CLOSING DATE

The Independent Shareholders are reminded that the H Share Offer remains conditional on, among other things, minimum valid acceptances of the H Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on Monday, 20 May 2019 (or such later time or date as HEG may, subject to the Takeovers Code, decide) amounting to at least 90% of the H Shares in issue (the “**Acceptance Condition**”). Unless the Executive has granted a consent to extend the Closing Date pursuant to Rule 15.5 of the Takeover Code, if the Conditions (including but not limited to the Acceptance Condition) are not satisfied (or not waived, where applicable) on or before the Unconditional Date (that is, 20 May 2019), the H Share Offer will lapse. The Executive may or may not grant such consent.

As at the date of this joint announcement, Conditions (a), (c) and (g) have been fulfilled. The Acceptance Condition, together with Conditions (d) to (f) remain outstanding. HEG is not aware of any events that would lead to Conditions (d) to (f) not being fulfilled. HEG also reserves the right to waive Conditions (e) and (f).

The Independent Shareholders are reminded that unless the H Share Offer becomes or is declared unconditional before Monday, 20 May 2019, or is revised or extended, the latest time and date for acceptance of the H Share Offer will be 4:00 p.m. on Monday, 20 May 2019. The Independent Shareholders are further reminded to pay attention to, and to consult (if necessary) a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser to confirm, the deadline for accepting the H Share Offer, which might be before 4:00 p.m. on Monday, 20 May 2019.

HEG and HEC will issue an announcement, stating whether the H Share Offer has been extended, has expired or has become or been declared unconditional (as to acceptances) by 7:00 p.m. on Monday, 20 May 2019.

WITHDRAWAL OF LISTING

Upon the H Share Offer becoming unconditional, HEC will make an application for the Delisting in accordance with Rule 6.12 of the Listing Rules. On the assumption that the H Share Offer becomes unconditional on or before Monday, 20 May 2019, it is currently expected that the voluntary withdrawal of listing of the H Shares from the Stock Exchange would happen at 9:00 a.m. on Wednesday, 19 June 2019, subject to the satisfaction of any conditions for the Delisting from the Stock Exchange, and receipt of any regulatory approvals required for such Delisting. HEC H Shareholders will be notified by way of an announcement of the dates of the last day for dealing in the H Shares and on which the Delisting will become effective.

SUBSEQUENT OFFER PERIOD

The Independent Shareholders should note that, if the H Share Offer becomes or is declared unconditional on Monday, 20 May 2019 (whether as to acceptances or in all respects), it should remain open for acceptance for not less than 28 days thereafter in compliance with the note to Rule 2.2 and Rule 15.3 of the Takeovers Code. At least 14 days' notice in writing must be given before the H Share Offer is closed to the Independent Shareholders who have not accepted the H Share Offer if the announcement to extend the H Share Offer does not state the next closing date. HEG reserves the right to extend the H Share Offer beyond this 28-day period.

EFFECTIVENESS OF THE MERGER AND OUTSTANDING MERGER CONDITIONS

The Independent Shareholders are reminded that the effectiveness of the Merger is conditional upon the fulfilment (or waiver, as applicable) of the Merger Conditions, which include the completion of the H Share Offer and the Delisting.

As at the date of this announcement, Merger Conditions (a) to (c) have been fulfilled. Merger Conditions (d) to (f) remain outstanding. HEG also reserves the right to waive Merger Condition (e).

Accordingly, the Independent Shareholders are reminded that if they do not accept the H Share Offer and the H Share Offer subsequently becomes unconditional in all respects and the H Shares are delisted from the Stock Exchange, and assuming the Merger does not proceed, this will result in the Independent Shareholders holding securities that are not listed on the Stock Exchange. In addition, HEC may or may not continue to be subject to the Takeovers Code after the completion of the H Share Offer depending on whether HEC remains as a public company thereafter.

WARNING

The H Share Offer is conditional upon the satisfaction or (where applicable) waiver of the Conditions and the Merger is conditional upon the satisfaction or (where applicable) waiver of the Merger Conditions as described in the Composite Document in all aspects. Accordingly, the H Share Offer may or may not become unconditional and the issue of this joint announcement does not imply that the H Share Offer or the Delisting will be completed. As the Merger Conditions (in respect of the Merger) are different from the Conditions (in respect of the H Share Offer), shareholders and potential investors of HEC should be aware that even following the successful completion of the H Share Offer and the Delisting, there is no certainty that the Merger will proceed. Shareholders and/or potential investors of HEC should therefore exercise caution when dealing in the securities of HEC (including the H Shares and any options or rights in respect of them). Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.

On behalf of the board of
Harbin Electric Corporation Co., Ltd.
(哈爾濱電氣集團有限公司)
Si Ze-fu
Chairman

On behalf of the board of
Harbin Electric Company Limited
(哈爾濱電氣股份有限公司)
Zhang Ying-jian
Executive Director

Harbin, the PRC, 7 May 2019

As at the date of this joint announcement, the HEG Board comprises: Mr. Si Ze-fu, Mr. Wu Wei-zhang, Mr. Sun Zhiyong and Mr. Chi Ming.

The directors of HEG jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to HEC) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than that expressed by the HEC Board) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

As at the date hereof, the HEC Board comprises: Mr. Si Ze-fu, Mr. Wu Wei-zhang, Mr. Zhang Ying-jian and Mr. Song Shi-qi as the executive directors; and Mr. Zhu Hong-jie, Mr. Yu Wen-xing, Mr. Hu Jian-min and Mr. Tian Min as the independent non-executive directors.

The directors of HEC jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to HEG) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than that expressed by the HEG Board) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.