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哈尔滨电气股份有限公司

HARBIN ELECTRIC COMPANY LIMITED

Harbin Electric Corporation Co., Ltd.
(哈爾濱電氣集團有限公司)

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

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

*(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1133)*

JOINT ANNOUNCEMENT

DESPATCH OF THE COMPOSITE DOCUMENT 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**”) dated 24 December 2018 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**”); and (ii) the announcements jointly issued by HEG and HEC dated 14 January 2019 and 21 February 2019 in relation to the delay in despatch of the Composite Document.

Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Composite Document.

DESPATCH OF THE COMPOSITE DOCUMENT

The Composite Document containing, among other things, further details of (a) the H Share Offer; (b) the expected timetable relating to the H Share Offer; (c) the Delisting; (d) the Merger Agreement and the Merger contemplated thereunder; (e) the recommendation from the Independent Board Committee with respect to the H Share Offer, the Delisting, the Merger Agreement and the Merger contemplated thereunder; (f) the advice of the Independent Financial Adviser to the Independent Board Committee; and (g) the notices of the Extraordinary General Meeting and the H Share Class Meeting, together with the accompanying Form of Acceptance in respect of the H Share Offer, proxy forms and reply slips in respect of the Extraordinary General Meeting and the H Share Class Meeting will be despatched by HEG and HEC jointly to the HEC H Shareholders on 20 March 2019.

EXPECTED TIMETABLE

The H Share Offer will commence on Wednesday, 20 March 2019 and the latest time and date for acceptance of the H Share Offer is at 4:00 p.m. on Monday, 20 May 2019, unless HEG extends the H Share Offer until such time and/or date as it may determine and in accordance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code).

If the H Share Offer is extended (with the consent of the Executive), the announcement of such extension will state the next closing date.

The expected timetable set out below is indicative only and may be subject to changes. Any changes to the timetable will be jointly announced by HEC and HEG by way of announcement(s) as soon as possible. Unless otherwise expressly stated, all references to dates and times contained in this expected timetable refer to Hong Kong dates and times.

Latest time for lodging transfers of the H Shares in order to be entitled to attend and vote at the Annual General Meeting, Extraordinary General Meeting and/or the H Share Class Meeting 4:30 p.m. on Thursday, 4 April 2019

Closure of the Registers for the determination of entitlements of the HEC Shareholders to attend and vote at the Annual General Meeting, Extraordinary General Meeting and/or the H Share Class Meeting (*Note 2*) Friday, 5 April 2019 to Tuesday, 7 May 2019 (both dates inclusive)

Last Day for return of reply slip for the Annual General Meeting, the Extraordinary General Meeting and/or the H Share Class Meeting (*Note 3*) Wednesday, 17 April 2019

Latest time for lodging proxy form(s) in respect of the Annual General Meeting 9:00 a.m. on Monday, 6 May 2019

Latest time for lodging proxy form(s) in respect of the Extraordinary General Meeting (*Note 3*) 9:30 a.m. on Monday, 6 May 2019

Latest time for lodging proxy form(s) in respect of the H Share Class Meeting (*Note 3*) 10:00 a.m. on Monday, 6 May 2019

Annual General Meeting 9:00 a.m. on Tuesday, 7 May 2019

Extraordinary General Meeting 9:30 a.m. on Tuesday, 7 May 2019 or immediately after the conclusion or adjournment of the Annual General Meeting

H Share Class Meeting 10:00 a.m. on Tuesday, 7 May 2019
or immediately after the conclusion or
adjournment of the
Extraordinary General Meeting

Announcement of the results of the Annual General
Meeting, the Extraordinary General Meeting and
the H Share Class Meeting Tuesday, 7 May 2019

Re-opening of the Registers Wednesday, 8 May 2019

Each of HEC and HEG notifies their respective
creditors of the Merger, assuming the Merger is
approved Tuesday, 14 May 2019

Latest time for acceptance of the H Share
Offer on the Closing Date (*Note 4*) 4:00 p.m. on Monday, 20 May 2019

Closing Date (*Note 5*) Monday, 20 May 2019

Announcement of the results of the
H Share Offer on the Closing Date (*Note 6*) by 7:00 p.m. on
Monday, 20 May 2019

Latest time for the H Share Offer to become
or be declared unconditional as to
acceptances (if not already
unconditional) (*Note 7*) 7:00 p.m. on Monday, 20 May 2019

Last day of trading in the H Shares on the Stock
Exchange, assuming the Delisting is approved..... Monday, 27 May 2019

Latest date for posting of remittances for the
amounts due under the H Share Offer in respect
of valid acceptances received at or before the
latest time for acceptance of the H Share Offer on
Monday, 20 May 2019, being the Closing Date
(assuming the H Share Offer becomes or is
declared unconditional in all respects on the
Closing Date) (*Note 8*) Wednesday, 29 May 2019

Latest time and date for the H Share Offer remaining open for acceptance (assuming the H Share Offer becomes or is declared unconditional in all respects on Monday, 20 May 2019, being the Closing Date) and closing of the H Share Offer (*Note 9*) 4:00 p.m. on Monday, 17 June 2019

Announcement of the results of the H Share Offer as at the final Closing Date by 7:00 p.m. on Monday, 17 June 2019

Latest time for lodging transfers of the H Shares in order to qualify for the Merger Price (*Note 11*) 4:30 p.m. on Tuesday, 18 June 2019

Closure of Registers for the determination of entitlements of the HEC H Shareholders to receive the Merger Price from Wednesday, 19 June 2019 onwards

Voluntary withdrawal of the listing of the H Shares from the Stock Exchange (*Note 10*) 9:00 a.m. on Wednesday, 19 June 2019

Latest date for posting of remittances for the amounts due under the H Share Offer in respect of valid acceptances received at or before the latest time for acceptance of the H Share Offer on Monday, 17 June 2019 (being the latest date which the H Share Offer remains open for acceptance assuming the H Share Offer becomes or is declared unconditional in all respects on the Closing Date) (*Note 8*) Wednesday, 26 June 2019

End of the period during which creditors may request HEC and HEG to pay off their respective indebtedness..... Friday, 28 June 2019

Expected date for all Merger Conditions to be fulfilled (or waived, as applicable) and the Merger Effective Date (*Note 11*) on or before Tuesday, 31 December 2019

Latest date for posting of remittances for the amounts due under the Merger Agreement to the existing HEC H Shareholders as at the Merger Effective Date within seven Business Days of the Merger Effective Date

Notes:

1. The H Share Offer is made on Wednesday, 20 March 2019, being the date of posting of this Composite Document, and is capable of acceptance from and on that date.
2. Reference is made to the announcement of HEC dated 18 March 2019 in relation to, among others, the change of book closure period and postponement of the Annual General Meeting. As disclosed therein, the book closure period has been rescheduled and will not commence from Saturday, 23 March 2019. For the avoidance of doubt, the Registers will remain open during the period from Saturday, 23 March 2019 to Thursday, 4 April 2019 (both days inclusive).
3. Reply slip(s) should be duly completed and returned to the office address of HEC at 1399 Chuangxinyi Road, Songbei District, Harbin, Heilongjiang Province, the PRC or the Registrar, Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong on or before Wednesday, 17 April 2019 in accordance with the instructions printed thereon. Failure to return the reply slip(s) will not affect a HEC Shareholder's right to attend the Extraordinary General Meeting and/or the H Share Class Meeting (as applicable). Proxy form(s) should be duly completed and returned to the office address of HEC at 1399 Chuangxinyi Road, Songbei District, Harbin, Heilongjiang Province, the PRC or the Registrar, Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not less than twenty-four (24) hours before the time appointed for the Extraordinary General Meeting and the H Share Class Meeting, or any adjournment thereof, and return of the proxy form(s) will not preclude a HEC Shareholder from attending and voting in person at the Extraordinary General Meeting, or the H Share Class Meeting, or any adjournment thereof, should they so wish. In the event that a HEC Shareholder attends and votes at the Extraordinary General Meeting and/or the H Share Class Meeting (as applicable) after having deposited the relevant proxy form, that proxy form will be deemed to have been revoked.
4. In order to accept the H Share Offer, the HEC H Shareholders are required to submit the duly completed Form of Acceptance to the Registrar on or before 4:00 p.m. on Monday, 20 May 2019, being the Closing Date, unless HEG extends the H Share Offer in accordance with the Takeovers Code. In compliance with the note to Rule 2.2 and Rule 15.3 of the Takeovers Code, where a conditional offer becomes or is declared unconditional in all respects, it should remain open for acceptance for not less than 28 days thereafter. Beneficial owners of H Shares who hold their H Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements (set out in Appendix I to this Composite Document) for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures. Please refer to Appendix I to this Composite Document for additional information on how to accept the H Share Offer.

5. HEG reserves the right to extend the H Share Offer. If HEG decides to extend the H Share Offer, an announcement will be made specifying the next Closing Date or stating that the H Share Offer will remain open until further notice, in which case at least 14 days' notice in writing will be given to those HEC H Shareholders who have not yet accepted the H Share Offer before the final Closing Date.
6. The announcement of the results of the H Share Offer will be jointly issued by HEG and HEC and posted on the Stock Exchange's website by 7:00 p.m. on the first Closing Date and the final Closing Date. Such announcement will comply with the disclosure requirements under Rule 19.1 of the Takeovers Code and will include, among other things, the results of the H Share Offer.
7. HEG may further apply to extend the Closing Date beyond Monday, 20 May 2019 pursuant to Rule 15.5 of the Takeovers Code. The Executive may or may not grant such consent.
8. Remittances in respect of the H Shares tendered for acceptance and taken up by HEG under the H Share Offer (after, if applicable, deducting the seller's ad valorem stamp duty arising therefrom and, if applicable, the fees payable to the Registrar in respect of lost or unavailable H Share certificates) will be posted to the HEC H Shareholders by ordinary post at their own risk as soon as possible, but in any event within seven business days (as defined in the Takeovers Code) following the later of (i) the Unconditional Date and (ii) the date of receipt of a duly completed Form of Acceptance by the Registrar in respect of the H Share Offer.
9. In compliance with the note to Rule 2.2 and Rule 15.3 of the Takeovers Code, where the H Share Offer becomes or is declared unconditional in all respects, it should remain open for acceptance for not less than 28 days thereafter. 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.
10. It is expected that the voluntary withdrawal of listing of the H Shares from the Stock Exchange would happen at 9:00a.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.
11. HEC H Shareholders whose names appear on the Registers on the Merger Effective Date shall be entitled to receive the Merger Price under the Merger Agreement. In order to be qualified for receiving the Merger Price under the Merger Agreement, all registration of transfer of HEC Shares shall be recorded on the Registers not later than 4:30 p.m. on Tuesday, 18 June 2019.

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)

On behalf of the board of
Harbin Electric Company Limited
(哈爾濱電氣股份有限公司)

Si Ze-fu
Chairman

Zhang Ying-jian
Executive Director

Harbin, the PRC, 20 March 2019

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