

The Secretary and Finance Director, Harbin Electric and Chairman of the Board and the Secretary of Harbin Electric Limited are hereby notified that the Board of Directors of Harbin Electric Limited has decided to issue new domestic shares of the Company of a total nominal value of RMB1.27 billion (equivalent to HK\$1.51 billion).

The Board of Directors of Harbin Electric Limited has also decided to propose amendments to the Articles of Association of the Company to give effect to the proposed issue of new domestic shares of the Company.



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)
(S e C de: 1133)

ANNOUNCEMENT

(1) CONNECTED TRANSACTION IN RESPECT OF THE PROPOSED ISSUE OF NEW DOMESTIC SHARES UNDER THE SPECIFIC MANDATE AND (2) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Sole Financial Adviser to the Company



PROPOSED ISSUE OF NEW DOMESTIC SHARES

The Board of Directors of Harbin Electric Limited on 4 September 2017, has decided to issue new domestic shares of the Company of a total nominal value of RMB1.27 billion (equivalent to HK\$1.51 billion) under the specific mandate of the Company's Articles of Association. The Board of Directors of Harbin Electric Limited has also decided to propose amendments to the Articles of Association of the Company to give effect to the proposed issue of new domestic shares of the Company. The Board of Directors of Harbin Electric Limited has also decided to propose amendments to the Articles of Association of the Company to give effect to the proposed issue of new domestic shares of the Company. The Board of Directors of Harbin Electric Limited has also decided to propose amendments to the Articles of Association of the Company to give effect to the proposed issue of new domestic shares of the Company.

IMPLICATIONS UNDER THE LISTING RULES

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INDEPENDENT BOARD COMMITTEE

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PROPOSED AMENDMENTS TO THE ARTICLES

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 a... KRMB4.03) ... D... S... be...
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 a... K22.87% f... a... a... f... C... a...
 a... f... a... e...; a d () a... K30.99% f... a...
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 ... a... C... e...

Conditions precedent to the Domestic Share Subscription Agreement

C... f... D... S... S... i... de... D... S...
 S... A... e... c... a... :

- (1) ... f... a... h... I... de... S... de... f...
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- (2) ... f... a... a... f... S... e... ed A... e... S... e... a d
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- (3) ... a... e... f... a... , i... e... d... e... e... , de... c... e... b... f... e...
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- (4) ... e... e... c... .. e... b... f... a... .. b... e... f... ed h... K... e... C... .. a... K... .. e...
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C. SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates the shareholding structure of the Company immediately after the completion of the offering of Domestic Shares (assuming the Final Subscription Price is the same as the Initial Subscription Price) and immediately after the completion of the offering of Domestic Shares (assuming the Final Subscription Price is at its maximum of HK\$4.79 (equivalent to approximately RMB4.03) per new Domestic Share):

Name of Shareholder	Share Class	As at the date of this Announcement		Immediately after the Completion (assuming the Final Subscription Price is the same as the Initial Subscription Price)		Immediately after the Completion (assuming the Final Subscription Price is at its maximum of HK\$4.79 (equivalent to approximately RMB4.03) per new Domestic Share)	
		No. of Shares held	Percentage of total issued Shares	No. of Shares held	Percentage of total issued Shares	No. of Shares held	Percentage of total issued Shares
Habib Eecoc							
China Resources	Domestic	701,235,000	50.93%	1,031,903,000	60.43%	1,016,157,000	60.07%
HSBC	HSBC	675,571,000	49.07%	675,571,000	39.57%	675,571,000	39.93%
Total		<u>1,376,806,000</u>	<u>100.00%</u>	<u>1,707,474,000</u>	<u>100.00%</u>	<u>1,691,728,000</u>	<u>100.00%</u>

D. PROPOSED AMENDMENTS TO THE ARTICLES

The Board has considered the proposed amendments to the Articles, and has approved the amendments to the Articles, which are set out in the proposed amendments to the Articles, and the Board has approved the amendments to the Articles, which are set out in the proposed amendments to the Articles, and the Board has approved the amendments to the Articles, which are set out in the proposed amendments to the Articles.

The proposed amendments to the Articles are intended to be implemented by the Board of Directors of the Company, and the Board has approved the amendments to the Articles, which are set out in the proposed amendments to the Articles, and the Board has approved the amendments to the Articles, which are set out in the proposed amendments to the Articles.

The proposed amendments to the Articles are intended to be implemented by the Board of Directors of the Company, and the Board has approved the amendments to the Articles, which are set out in the proposed amendments to the Articles, and the Board has approved the amendments to the Articles, which are set out in the proposed amendments to the Articles.

E. USE OF PROCEEDS

The Company has received proceeds from the sale of RMB1.27 billion (equivalent to HK\$1.51 billion) from the Domestic Share Subscription. The proceeds from the Domestic Share Subscription will be used to repay RMB1.267 billion (equivalent to HK\$1.504 billion). In addition, the Company has received proceeds from the Domestic Share Subscription for the following purposes:

- () to pay the interest on the bank borrowings and the interest on the loans; and
- () for the general working capital of the Company and other general administrative expenses of the Company.

F. REASONS FOR AND BENEFITS OF THE DOMESTIC SHARE SUBSCRIPTION

The Company is a company incorporated in the PRC and is listed on the HSX and the Main Board of the SECC (SECC Code: 1133).

The Group has a long history and a strong track record in the PRC, and has a strong competitive advantage in the market. The Group has a strong financial position and a strong track record in the PRC.

The Subscription is expected to provide the Company with additional working capital and to improve the Company's financial position. The Subscription is expected to provide the Company with additional working capital and to improve the Company's financial position.

The proceeds from the Subscription will be used to repay the Company's bank borrowings and to improve the Company's financial position. The Subscription is expected to provide the Company with additional working capital and to improve the Company's financial position.

G. RECENT FUND RAISING ACTIVITIES

The Company has conducted a fund raising activity in the form of a public offering of 12,000,000 shares of common stock at a price of \$0.71 per share.

H. IMPLICATIONS UNDER THE LISTING RULES

As a result of the public offering, the Subchapter S election of the Company will terminate on December 31, 2012. The Company is currently a public company and is subject to the requirements of the Securities Exchange Act of 1934, as amended, and the Securities Exchange Act of 1933, as amended. The Company is currently a public company and is subject to the requirements of the Securities Exchange Act of 1934, as amended, and the Securities Exchange Act of 1933, as amended.

The Director of the Subchapter S election will be required to be approved by the Board of Directors at the next meeting of the Board of Directors. The Subchapter S election will terminate on December 31, 2012. The Director of the Subchapter S election will be required to be approved by the Board of Directors at the next meeting of the Board of Directors.

I. INDEPENDENT BOARD COMMITTEE

Pursuant to the Listing Rules, the Independent Board Committee (the "Committee") has been formed and will be responsible for the oversight of the Subchapter S election. The members of the Independent Board Committee are Mr. Li Deqiang, Mr. Yi Weifeng, Mr. Hu Jiajun, and Mr. Zhang Hui. The Committee will be responsible for the oversight of the Subchapter S election and will be required to file a report with the SEC.

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B K O d e . . f . . e B, a d
Harbin Electric Company Limited
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H a b . . , P R C
 4 S e . e b e 2017

