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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

(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

Financial Adviser to the Company



PROPOSED ISSUE OF NEW DOMESTIC SHARES

The Board is pleased to announce that on 28 December 2022 (after trading hours), the Company entered into the Domestic Share Subscription Agreement with the Subscriber, pursuant to which the Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for new Domestic Shares in cash at a total subscription price of approximately RMB1.70 billion (equivalent to approximately HK\$1.91 billion).

The Final Subscription Price is to be determined with reference to the Initial Subscription Price subject to the following adjustment:

- (a) in the event that the Closing Price is higher than the Initial Subscription Price, the Company is entitled to adjust the Final Subscription Price to the value of the Closing Price, subject to the maximum price of HK\$3.60 per new Domestic Share (being the Initial Subscription Price plus a premium of 5%, rounded off to the nearest 2 decimal places); and

- (b) in the event that the Closing Price is equal to or lower than the Initial Subscription Price, the Final Subscription Price shall be the same as the Initial Subscription Price.

The number of new Domestic Shares to be issued is calculated by dividing the amount of the total subscription price in Hong Kong dollars equivalent to approximately RMB1.70 billion (equivalent to approximately HK\$1.91 billion based on the agreed exchange rate) by the Final Subscription Price and rounded down to the nearest thousand. Assuming the Final Subscription Price is the same as the Initial Subscription Price, 556,009,000 new Domestic Shares will be issued; whereas assuming the Final Subscription Price is the maximum price of HK\$3.60 per new Domestic Share, 529,753,000 new Domestic Shares will be issued. The new Domestic Shares will be issued under the Specific Mandate to be sought at the EGM and the H Shares Class Meeting. The new Domestic Shares, when issued, will rank pari passu in all respects among themselves and with the existing Domestic Shares in issue at the time of issue of such new Domestic Shares.

The net proceeds from the Domestic Share Subscription are expected to be approximately RMB1.697 billion (equivalent to approximately HK\$1.903 billion) and are intended to be used for replenishing the general working capital of the Group, such that the asset-liability ratio and capital structure can be improved and the financial expenses and financial risks can be reduced.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Subscriber directly holds 1,030,952,000 Domestic Shares in the Company, representing approximately 60.41% of the total issued share capital of the Company, and is a controlling shareholder of the Company. Pursuant to Chapter 14A of the Listing Rules, the Subscriber is a connected person of the Company and accordingly, the Domestic Share Subscription constitutes a connected transaction of the Company, which is subject to reporting, announcement and independent shareholders' approval requirements.

PROPOSED AMENDMENTS TO THE ARTICLES

The Board proposed to make certain amendments to the Articles, which shall take effect subject to and upon Completion, in order to, among others, reflect the latest registered capital and shareholding structure of the Company as a result of the Domestic Share Subscription.

The proposed amendments to the Articles are subject to approval by the Shareholders by way of special resolutions at the EGM and the approval of and registration or filing with the relevant PRC government authorities.

Further information in respect of the proposed amendments to the Articles will be set out in the circular to be issued by the Company in relation to, among others, the Domestic Share Subscription.

GENERAL

The Independent Board Committee (comprising all the independent non-executive Directors) has been formed to advise the Independent Shareholders on the Domestic Share Subscription and the Specific Mandate. In this connection, the Company will appoint the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Domestic Share Subscription are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on whether to vote in favour of the resolutions to be proposed for approving the Domestic Share Subscription and the Specific Mandate at the EGM and the H Shares Class Meeting.

The EGM and the H Shares Class Meeting will be convened to consider and, if thought fit, approve, among others, the Domestic Share Subscription, the Specific Mandate and the proposed amendments to the Articles (as the case may be).

The Subscriber and its associates will (and any other Shareholder who has a material interest in the Domestic Share Subscription and the Specific Mandate will be required to) abstain from voting on the resolutions to be proposed for approving the Domestic Share Subscription and the Specific Mandate at the EGM and the H Shares Class Meeting.

DESPATCH OF CIRCULAR

A circular containing, among others, (i) further details of the Domestic Share Subscription, the Specific Mandate and the proposed amendments to the Articles; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders on the Domestic Share Subscription and the Specific Mandate; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Domestic Share Subscription and the Specific Mandate, together with the notices of the EGM and the H Shares Class Meeting, is expected to be despatched on or before 19 January 2023, which is 15 business days after the publication of this announcement in compliance with the Listing Rules.

As the Domestic Share Subscription is subject to the satisfaction or waiver (if applicable) of the Conditions Precedent, the Domestic Share Subscription may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

A. PROPOSED ISSUE OF NEW DOMESTIC SHARES

The Board is pleased to announce that on 28 December 2022 (after trading hours), the Company entered into the Domestic Share Subscription Agreement with the Subscriber, pursuant to which the Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for new Domestic Shares in cash at a total subscription price of approximately RMB1.70 billion (equivalent to approximately HK\$1.91 billion).

Domestic Share Subscription Agreement

The principal terms and conditions of the Domestic Share Subscription Agreement are set out as follows:

Date:

28 December 2022

Parties:

- (1) The Company (as issuer); and
- (2) the Subscriber (as subscriber).

Subscription price and pricing principle:

The total subscription price is approximately RMB1.70 billion (equivalent to approximately HK\$1.91 billion). The exact total subscription price is to be calculated by multiplying the number of new Domestic Shares to be subscribed for under the Domestic Share Subscription Agreement by the Final Subscription Price.

The Initial Subscription Price, being HK\$3.43 per new Domestic Share, was determined after arm's length negotiations between the Company and the Subscriber at the average closing price of the H Shares of the Company on the 20 trading days immediately preceding the date of the Domestic Share Subscription Agreement plus a premium of 10%, rounded off to the nearest two decimal places. The Initial Subscription Price represents:

- (i) a premium of approximately 11.00% to the closing price of HK\$3.09 per H Share as quoted on the Stock Exchange on the date of the Domestic Share Subscription Agreement;
- (ii) a premium of approximately 14.72% to the average closing price of approximately HK\$2.99 per H Share as quoted on the Stock Exchange for the five trading days immediately prior to the date of the Domestic Share Subscription Agreement; and
- (iii) a premium of approximately 13.20% to the average closing price of approximately HK\$3.03 per H Share as quoted on the Stock Exchange for the ten trading days immediately prior to the date of the Domestic Share Subscription Agreement.

The Final Subscription Price is to be determined with reference to the Initial Subscription Price subject to the following adjustment:

- (a) In the event that the Closing Price is higher than the Initial Subscription Price, the Company is entitled to adjust the Final Subscription Price to the value of the Closing Price, subject to the maximum price of HK\$3.60 per new Domestic Share (being the initial Subscription Price plus a premium of 5%, rounded off to the nearest 2 decimal places).

The adjustment of the Final Subscription Price shall be based on the following formula:

$$\text{Adjustment} = \text{Closing Price} / \text{Initial Subscription Price} - 1$$

$$\text{Final Subscription Price} = \text{Initial Subscription Price} \times (1 + \text{Adjustment})$$

where, if the adjustment is calculated to be equal to or higher than 5%, it shall be taken as 5%; if the adjustment is calculated to be lower than 5%, its actual value shall be taken and in such case, the Final Subscription Price shall be the Closing Price; and the Final Subscription Price shall be rounded off to the nearest 2 decimal places.

- (b) In the event that the Closing Price is equal to or lower than the Initial Subscription Price, the Final Subscription Price shall be the same as the Initial Subscription Price.

As the Closing Price is denominated in Hong Kong dollars, for the purpose of determining the total subscription price, exchange of Renminbi into Hong Kong dollars is to be calculated on the basis of the middle exchange rate between Renminbi and Hong Kong dollars published by the People's Bank of China on 27 December 2022, being HK\$1 to RMB0.8914.

Number of new Domestic Shares:

The Company will issue and the Subscriber will subscribe for not more than 556,009,000 new Domestic Shares. The number of new Domestic Shares to be issued is calculated by dividing the amount of the total subscription price in Hong Kong dollars equivalent to approximately RMB1.70 billion (equivalent to approximately HK\$1.91 billion based on the agreed exchange rate) by the Final Subscription Price and rounded down to the nearest thousand.

Assuming the Final Subscription Price is the same as the Initial Subscription Price, 556,009,000 new Domestic Shares will be issued, which represent (i) approximately 53.93% of the existing total issued Domestic Shares and approximately 32.58% of the total issued share capital of the Company as at the date of this announcement; and (ii) approximately 35.04% of the enlarged total issued Domestic Shares and approximately 24.57% of the total issued share capital of the Company as enlarged by the issue of the new Domestic Shares (assuming that there will be no change in the total issued share capital of the Company other than the issue of the new Domestic Shares).

Assuming the Final Subscription Price is the maximum price of HK\$3.60 per new Domestic Share, 529,753,000 new Domestic Shares will be issued, which represent (i) approximately 51.38% of the existing issued Domestic Shares and approximately 31.04% of the total issued share capital of the Company as at the date of this announcement; and (ii) approximately 33.94% of the issued Domestic Shares and approximately 23.69% of the total issued share capital of the Company as enlarged by the issue of the new Domestic Shares (assuming that there will be no change in the total issued share capital of the Company other than the issue of the new Domestic Shares).

Conditions Precedent:

Completion of the Domestic Share Subscription under the Domestic Share Subscription Agreement is conditional upon the satisfaction or waiver (if applicable) of the following conditions:

- (1) the obtaining of the approval from the Independent Shareholders approving the Domestic Share Subscription and the Specific Mandate by special resolutions by way of poll at the EGM and the H Shares Class Meeting and such approval remaining valid on the date of Completion;
- (2) the obtaining of the approval from the Subscriber approving the Domestic Share Subscription and such approval remaining valid on the date of Completion;
- (3) the obtaining of the approval from the China Securities Regulatory Commission approving the directional issue of new Domestic Shares by the Company and such approval remaining valid on the date of Completion;
- (4) no laws, regulations, rules, directives, orders or notices prohibiting the Completion of the Domestic Share Subscription Agreement and the transactions contemplated thereunder being issued, promulgated or enforced by relevant government authorities;
- (5) with respect to the obligations to be performed by the Subscriber, the representations and warranties given by the Company under the Domestic Share Subscription Agreement being true and accurate on the date of signing and remaining true and accurate up to the date of Completion (as if repeated on the date of Completion) in all material respects; and
- (6) with respect to the obligations to be performed by the Company, the representations and warranties given by the Subscriber under the Domestic Share Subscription Agreement being true and accurate on the date of signing and remaining true and accurate up to the date of Completion (as if repeated on the date of Completion) in all material respects.

Save for Condition Precedent (5) above which may be waived by the Subscriber and Condition Precedent (6) above which may be waived by the Company, none of the other Conditions Precedent can be waived by either party. If any of the Conditions Precedent is not satisfied or waived (if applicable) on or before the Long Stop Date, either party shall be entitled to terminate the Domestic Share Subscription Agreement by giving a written notice with immediate effect.

Termination:

At any time prior to the Completion, if (i) there is a material breach of any provision under the Domestic Share Subscription Agreement by either party and (ii) the defaulting party fails to remedy the breach within 30 days from the date the non-defaulting party gives a written notice to the defaulting party requesting it to take immediate action(s) to remedy such breach, the non-defaulting party shall be entitled to elect to proceed to Completion or terminate the Domestic Share Subscription Agreement by giving a written notice to the defaulting party.

Completion:

Completion of the Domestic Share Subscription shall take place on the seventh business day after the fulfilment or waiver (if applicable) of the Conditions Precedent or any other date after the fulfilment or waiver (if applicable) of the Conditions Precedent as agreed by the parties.

The Subscriber shall, within seven business days after receiving the payment notice issued by the Company upon the fulfilment or waiver (if applicable) of the Conditions Precedent, make payment of the total subscription price in cash to the Company.

The Company shall arrange for the registration of the Subscriber as holder of the new Domestic Shares upon issuance of a verification report by an accountant registered in the PRC in respect of the payment of total subscription price by the Subscriber.

Specific Mandate:

The new Domestic Shares will be issued under the Specific Mandate to be sought at the EGM and the H Shares Class Meeting.

B. RANKING AND TRANSFER RESTRICTIONS OF THE NEW DOMESTIC SHARES

The new Domestic Shares to be issued pursuant to the Domestic Share Subscription will, when issued, rank pari passu in all respects among themselves and with the existing Domestic Shares in issue at the time of issue of such new Domestic Shares.

Any transfer of the new Domestic Shares to be issued pursuant to the Domestic Share Subscription Agreement shall comply with the relevant provisions of the Company Law of the PRC and other laws and regulations and the Articles regarding the transfer of Shares. Save for the foregoing, there are no other restrictions on the transfer of the new Domestic Shares.

C. SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the issue of the new Domestic Shares, assuming the Final Subscription Price is the same as the Initial Subscription Price; and (iii) immediately after the issue of the new Domestic Shares, assuming the Final Subscription Price is at the maximum price of HK\$3.60 per new Domestic Share, respectively (assuming that there will be no change in the total issued share capital of the Company other than the issue of the new Domestic Shares):

Name of Shareholder	Share Class	As at the date of this announcement		Immediately after the issue of the new Domestic Shares (assuming the Final Subscription Price is the same as the Initial Subscription Price)		Immediately after the issue of the new Domestic Shares (assuming the Final Subscription Price is at the maximum price of HK\$3.60 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
The Subscriber	Domestic	1,030,952,000	60.41%	1,586,961,000	70.14%	1,560,705,000	69.79%
H Shareholders	H Shares	675,571,000	39.59%	675,571,000	29.86%	675,571,000	30.21%
Total		<u>1,706,523,000</u>	<u>100%</u>	<u>2,262,532,000</u>	<u>100%</u>	<u>2,236,276,000</u>	<u>100%</u>

D. PROPOSED AMENDMENTS TO THE ARTICLES

The Board proposed to make certain amendments to the Articles, which shall take effect subject to and upon Completion, in order to, among others, reflect the latest registered capital and shareholding structure of the Company as a result of the Domestic Share Subscription.

The proposed amendments to the Articles are subject to approval by the Shareholders by way of special resolutions at the EGM and the approval of and registration or filing with the relevant PRC government authorities.

Further information in respect of the proposed amendments to the Articles will be set out in the circular to be issued by the Company in relation to, among others, the Domestic Share Subscription.

E. USE OF PROCEEDS

The Company expects to raise gross proceeds of approximately RMB1.70 billion (equivalent to approximately HK\$1.91 billion) from the Domestic Share Subscription. The net proceeds from the Domestic Share Subscription are expected to be approximately RMB1,697 billion (equivalent to approximately HK\$1.903 billion). It is the intention of the Company to use the net proceeds from the Domestic Share Subscription for replenishing the general working capital of the Group, such that the asset-liability ratio and capital structure can be improved and the financial expenses and financial risks can be reduced. Based on the above net proceeds, the net price per new Domestic Share is (i) approximately RMB3.05 (equivalent to approximately HK\$3.42) assuming the Final Subscription Price is the same as the Initial Subscription Price and (ii) approximately RMB3.20 (equivalent to approximately HK\$3.59) assuming the Final Subscription Price is the maximum price of HK3.60 per new Domestic Share.

F. REASONS FOR AND BENEFITS OF THE DOMESTIC SHARE SUBSCRIPTION

The issue of the new Domestic Shares and the Domestic Share Subscription can effectively replenish the general working capital of the Group, such that the asset-liability ratio and the capital structure can be improved and the financial expenses and financial risks can be reduced.

In the strategic context of promoting green and low-carbon transformation and development in the PRC, the proceeds from the issue of new Domestic Shares and the Domestic Share Subscription provide financial support for the Company's reform, transformation and sustainable development, which is conducive to the Company's stimulation of the momentum of business development and steady introduction of new strategies, hence enabling the Company to create greater value for the Shareholders as a whole.

As such, the Directors (other than the independent non-executive Directors whose views will be set out in the letter from the Independent Board Committee in the circular) believe that the terms of the Domestic Share Subscription (including the subscription price) is fair and reasonable and on normal commercial terms and is in the interest of the Company and the Shareholders as a whole.

G. RECENT FUND RAISING ACTIVITIES

The Company has not conducted any fund raising activities through any issue of equity securities within the 12 months immediately prior to the date of this announcement.

H. IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Subscriber directly holds 1,030,952,000 Domestic Shares in the Company, representing approximately 60.41% of the Company's total issued share capital and is a controlling shareholder of the Company. Pursuant to the Listing Rules, the Subscriber is a connected person of the Company. Accordingly, the Domestic Share Subscription constitutes a connected transaction of the Company, which is subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

I. INFORMATION ON THE PARTIES

Information on the Company

The Company is a company incorporated in the PRC with limited liability, the H Shares of which are listed on the Main Board of the Stock Exchange. The Company is one of the largest manufacturers of power plant equipment in the PRC. Its principal activities include the manufacturing of thermal power main equipment, hydropower main equipment, nuclear power main equipment, gas power equipment set and turnkey construction of power station projects, etc..

Information on the Subscriber

The Subscriber is the controlling shareholder of the Company, and is the pioneer in establishing the largest research and manufacturing base for power generating equipment, marine engines, power driven equipment and export base for complete set of equipment in the PRC. Its ultimate beneficial owner is The State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

J. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Pursuant to the Listing Rules, the Independent Board Committee (comprising all the independent non-executive Directors) has been formed to advise the Independent Shareholders on the Domestic Share Subscription and the Specific Mandate. The members of the Independent Board Committee are Mr. He Yu, Mr. Hu Jian-min, Mr. Chen Guo-qing and Mr. Tang Zhi-hong.

In this connection, the Company will appoint the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Domestic Share Subscription are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on whether to vote in favour of the resolutions to be proposed for approving the Domestic Share Subscription and the Specific Mandate at the EGM and the H Shares Class Meeting.

K. EGM AND H SHARES CLASS MEETING

The EGM and the H Shares Class Meeting, will be held to consider and, if thought fit, pass resolutions to approve, among others, (i) the Domestic Share Subscription; (ii) the grant of the Specific Mandate; and (iii) the proposed amendments to the Articles (as the case may be). The voting in relation to the relevant resolutions approving the Domestic Share Subscription, the Specific Mandate and the proposed amendments to the Articles at the EGM and the H Shares Class Meeting (as the case may be) will be conducted by way of poll. The Domestic Share Subscription and the Specific Mandate will be proposed by way of special resolutions at the EGM and the H Shares Class Meeting to be approved by the Independent Shareholders. The proposed amendments to the Articles will be proposed by way of special resolutions at the EGM to be approved by the Shareholders.

The Subscriber and its associates will (and any other shareholder who has a material interest in the Domestic Share Subscription and the Specific Mandate will be required to) abstain from voting on the resolutions to be proposed for approving the Domestic Share Subscription and the Specific Mandate at the EGM and the H Shares Class Meeting.

L. DESPATCH OF CIRCULAR

A circular containing, among others, (i) further details of the Domestic Share Subscription, the Specific Mandate and the proposed amendments to the Articles; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders on the Domestic Share Subscription and the Specific Mandate; and (iii) a letter of advice by the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Domestic Share Subscription and the Specific Mandate, together with the notices of the EGM and the H Shares Class Meeting, is expected to be despatched on or before 19 January 2023, which is 15 business days after the publication of this announcement in compliance with the Listing Rules.

As the Domestic Share Subscription is subject to the satisfaction or waiver (if applicable) of the Conditions Precedent, the Domestic Share Subscription may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

Unless the context requires otherwise, capitalised terms used in this announcement shall have the meanings as follow:

“Articles”	the articles of association of the Company as revised from time to time;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Closing Price”	the closing price of the H Shares of the Company on the Reference Date;
“Company”	Harbin Electric Company Limited, a company incorporated in the PRC with limited liability, the H Shares of which are listed on the Main Board of the Stock Exchange;
“Completion”	the completion of the Domestic Share Subscription;
“Conditions Precedent”	the conditions precedent to the Completion as set out under the section headed “Conditions Precedent” in this announcement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;

“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Domestic Share Subscription”	the proposed subscription of new Domestic Shares by the Subscriber pursuant to Domestic Share Subscription Agreement;
“Domestic Share Subscription Agreement”	the conditional share subscription agreement entered into between the Subscriber and the Company on 28 December 2022, pursuant to which the Subscriber conditionally agreed to subscribe for, and the Company conditionally agreed to issue, new Domestic Shares at the total subscription price of approximately RMB1.70 billion (equivalent to approximately HK\$1.91 billion);
“Domestic Shareholder(s)”	the holder(s) of the Domestic Shares;
“Domestic Share(s)”	the ordinary domestic share(s) with par value of RMB1.00 each in the share capital of the Company;
“EGM”	the extraordinary general meeting of the Company to be held to consider and, if thought fit, approve, among others, the Domestic Share Subscription, the Specific Mandate and the proposed amendments to the Articles;
“Final Subscription Price”	the final subscription price per new Domestic Share to be determined with reference to the Initial Subscription Price subject to adjustment;
“Group”	the Company and its subsidiaries;
“H Shareholder(s)”	the holder(s) of the H Shares;
“H Share(s)”	overseas listed foreign share(s) with a par value of RMB1.00 each in the share capital of the Company, listed on the Main Board of the Stock Exchange and traded in Hong Kong dollars;
“H Shares Class Meeting”	the class meeting of the H Shareholders to be held to consider and, if thought fit, approve, among others, the Domestic Share Subscription and the Specific Mandate;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	the independent board committee of the Company, comprising all independent non-executive Directors, formed to advise the Independent Shareholders in relation to the Domestic Share Subscription;
“Independent Financial Adviser”	the independent financial adviser to be appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Domestic Share Subscription;
“Independent Shareholder(s)”	Shareholder(s) other than: (i) the Subscriber and its associates and (ii) any other persons who are involved or interested in the Domestic Share Subscription and the Specific Mandate;
“Initial Subscription Price”	the initial subscription price, being HK\$3.43 per new Domestic Share;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended and modified from time to time;
“Long Stop Date”	31 July 2023, or such other subsequent date as may be agreed by the Company and the Subscriber from time to time in writing;
“PRC”	the People’s Republic of China, which shall for the purposes of this announcement, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Reference Date”	the trading day immediately preceding the date of the EGM and the H Shares Class Meeting;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	the holder(s) of the Shares;

“Share(s)”	Domestic Share(s) and/or H Share(s);
“Specific Mandate”	the specific mandate proposed to be granted by the Independent Shareholders to the Directors at the EGM and the H Shares Class Meeting to issue the new Domestic Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber”	Harbin Electric Corporation; and
“%”	per cent.

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

Harbin, the PRC
28 December 2022

For the purposes of this announcement, unless the context otherwise requires, conversion of Renminbi into Hong Kong dollars is based on the approximate exchange rate of HK\$1 to RMB0.8914. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in Hong Kong dollars or Renminbi have been, could have been or may be converted at such or any other rate or at all.

As at the date of this announcement, the executive Directors of the Company are Mr. Cao Zhi-an, Mr. Wu Wei-zhang and Mr. Zhang Ying-jian; and the independent non-executive Directors of the Company are Mr. He Yu, Mr. Hu Jian-min, Mr. Chen Guo-qing and Mr. Tang Zhi-hong.