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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
IN RELATION TO**

- (1) VOLUNTARY CONDITIONAL OFFER BY CITIGROUP ON BEHALF OF HEG TO ACQUIRE ALL OF THE ISSUED H SHARES IN HEC**
(2) PROPOSED VOLUNTARY WITHDRAWAL OF LISTING OF THE H SHARES OF HEC AND
(3) PROPOSED MERGER BY ABSORPTION OF HEC BY HEG

LAPSE OF THE H SHARE OFFER

LEVEL OF ACCEPTANCES OF THE H SHARE OFFER

As at 4:00 p.m. on Friday, 19 July 2019, HEG had received valid acceptances under the H Share Offer (after taking into account withdrawals of acceptances of the H Share Offer pursuant to Rule 17 of the Takeovers Code) in respect of 596,660,566 H Shares, representing approximately 88.32% of the total issued H Shares as at the date of this joint announcement.

LAPSE OF THE H SHARE OFFER

The H Share Offer is 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on, among other things, minimum valid acceptances of the H Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as HEG may, subject to the Takeovers Code, decide) amounting to at least 90% of the H Shares in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 Acceptance Condition (that is, Condition (b) of the H Share Offer) was not satisfied. Accordingly, the H Share Offer has not become unconditional and is lapsed on 19 July 2019. There will be no further extension of the H Share Offer.

INTRODUCTION

Reference is made to (i) the composite document jointly issued by Harbin Electric Corporation Co., Ltd. (“**HEG**”) and Harbin Electric Company Limited (“**HEC**”) dated 20 March 2019 (the “**Composite Document**”); (ii) the announcement jointly issued by HEG and HEC dated 7 May 2019 relating to the poll results of the Extraordinary General Meeting and the H Share Class Meeting; (iii) the announcement jointly issued by HEG and HEC dated 20 May 2019 relating to the extension of the H Share Offer (the “**Extension Announcement**”); and (iv) the announcement jointly issued by HEG and HEC dated 22 May 2019, in respect of 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**”).

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

LEVEL OF ACCEPTANCES OF THE H SHARE OFFER

As at 4:00 p.m. on Friday, 19 July 2019, HEG had received valid acceptances under the H Share Offer (after taking into account withdrawals of acceptances of the H Share Offer pursuant to Rule 17 of the Takeovers Code) in respect of 596,660,566 H Shares, representing approximately 88.32% of the total issued H Shares as at the date of this joint announcement.

INTERESTS OF HEG AND ITS CONCERT PARTIES IN HEC SHARES

Immediately prior to the commencement of the Offer Period, HEG held 1,030,952,000 Domestic Shares (representing approximately 60.41% of the issued share capital of HEC).

Save for the above, none of HEG or any of its concert parties owned, controlled or directed any HEC Shares or any rights over HEC Shares during the Offer Period and up to the date of this joint announcement.

HEG and its concert parties have not acquired or agreed to acquire any HEC Shares or any rights over HEC Shares during the Offer Period.

None of HEG or any of its concert parties has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of HEC during the Offer Period and up to the date of this joint announcement.

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The H Share Offer is 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 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 “**Acceptance Condition**”). In light of the level of acceptances of the H Share Offer as set out in the paragraph headed “Level of Acceptances of the H Share Offer” above, the Acceptance Condition (that is, Condition (b) of the H Share Offer) was not satisfied. Accordingly, the H Share Offer has not become unconditional and is lapsed on 19 July 2019. There will be no further extension of the H Share Offer.

As the H Share Offer is lapsed, the H Shares tendered for acceptances under the H Share Offer will not be acquired by HEG. The HEC H Shareholders who have tendered their H Shares for acceptances will therefore not be entitled to receive any consideration. H Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title in respect of the H Shares tendered for acceptances under the H Share Offer will be returned to those HEC H Shareholders who have accepted the H Share Offer by ordinary post at their own risk as soon as possible but in any event within 10 days from the date of this joint announcement (that is, on or before 29 July 2019).

Pursuant to Rule 31.1 of the Takeovers Code, neither HEG nor any person acting in concert with it may within 12 months from the date of this joint announcement, announce an offer or possible offer for HEC, except with the consent of the Executive.

WITHDRAWAL OF LISTING

HEC has applied to the Stock Exchange for a conditional withdrawal of the listing of the H Shares on the Stock Exchange in accordance with Rule 6.12 of the Listing Rules on the assumption that the H Share Offer becomes unconditional on or before the Closing Date. The Delisting is subject to, among other things, the Acceptance Condition. In light of the level of acceptances of the H Share Offer as set out in the paragraph headed “Level of Acceptances of the H Share Offer” above, the Delisting will not proceed.

EFFECTIVENESS OF THE MERGER

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 Merger Condition (f) (that is, the completion of the H Share Offer, and that HEC has submitted the Delisting application to the Stock Exchange and such Delisting has become effective pursuant to the Listing Rules) has not been fulfilled, the Merger will not be implemented under the Merger Agreement, and HEG will not be obliged to pay the Merger Price to the then existing HEC H Shareholders.

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, 19 July 2019

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