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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)

INSIDE INFORMATION
PROPOSED DISPOSAL OF 51% EQUITY
INTEREST IN A WHOLLY-OWNED SUBSIDIARY

This announcement is made by Harbin Electric Company Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company hereby announces that the Company intends to dispose of 51% equity interest in Harbin Electric Power Equipment Company Limited (“**Power Equipment Company**”), a wholly-owned subsidiary of the Company, to Jiamusi Electric Machine Company Limited (“**Jiamusi Electric**”) for cash consideration (the “**Proposed Equity Transfer**”). If the Proposed Equity Transfer is materialised, Power Equipment Company will cease to be a subsidiary of the Company. The Proposed Equity Transfer is still under the preparatory stage, and the specific proposal is still subject to further negotiation and confirmation by the Company and Jiamusi Electric.

As at the date of this announcement, Jiamusi Electric is a subsidiary of Harbin Electric Corporation Co., Ltd.* (哈爾濱電氣集團有限公司) (“**Harbin Electric Corporation**”), the controlling shareholder of the Company. Accordingly, pursuant to Chapter 14A of the Listing Rules, Jiamusi Electric is a connected person of the Company, and if the Proposed Equity Transfer is implemented, it will constitute a connected transaction of the Company.

INFORMATION ON JIAMUSI ELECTRIC

Jiamusi Electric, a subsidiary of Harbin Electric Corporation, is a joint stock limited company incorporated in the People’s Republic of China (the “**PRC**”) and listed on the Shenzhen Stock Exchange (stock code: 000922). Its scope of business includes the manufacture and maintenance of electric motors, canned motor pumps, auxiliary ventilating fans; technological development, technical services, equity investment of electric motors, explosion-proof electrical products; and self-operated import and export business, etc.

INFORMATION ON POWER EQUIPMENT COMPANY

Power Equipment Company, a wholly-owned subsidiary of the Company, is a limited liability company incorporated in the PRC with a registered capital of RMB1,070,000,000. Its main business is the production and sales of nuclear pumps, nuclear power units, materials of nuclear pump and nuclear power unit, large-and-medium-sized synchronous motors, asynchronous motors, DC motors, cycloconverter motors, special motors, explosion-proof electric motors, wind turbine generators, hydraulic generators, steam turbine generators and their supporting electrical control equipment; undertaking of various types of construction and labour operation work; acceptance of delegation to engage in internal trainings for enterprise staff; and import and export of goods and technology, etc.

GENERAL

The Board wishes to emphasise that as the date of this announcement, no binding agreement in relation to the Proposed Equity Transfer has been entered into by the Company and there is no assurance that any definitive transaction will materialise. After determining the principal terms of agreement of the Proposed Equity Transfer, the Company will issue further announcement(s) in accordance with the Listing Rules and/or the relevant laws and regulations as and when appropriate or required and comply with the applicable requirements.

As the Company may or may not enter into a binding agreement with respect to the Proposed Equity Transfer, and even if it decides to do so, the Proposed Equity Transfer may or may not proceed to completion for various reasons. Accordingly, shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

* *For identification purpose only*

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

Harbin, the PRC
14 December 2020

As at the date of this announcement, the executive directors of the Company are Mr. Si Ze-fu, Mr. Wu Wei-zhang and Mr. Zhang Ying-jian; and the independent non-executive directors of the Company are Mr. Zhu Hong-jie, Mr. Yu Wen-xing, Mr. Hu Jian-min and Mr. Tian Min.