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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)

DISCLOSEABLE TRANSACTION ENTERING INTO THE EQUITY COOPERATION AGREEMENT WITH TIANJIN LINGANG INVESTMENT HOLDING CO., LTD.

ENTERING INTO THE EQUITY COOPERATION AGREEMENT WITH TIANJIN LINGANG

The Board hereby announces that the Company has entered into the Equity Cooperation Agreement with Tianjin Lingang on 23 December 2019, pursuant to which the Company and Tianjin Lingang will jointly make capital contribution to establish the Finance Lease Company with the Company contributing RMB400,000,000 (equivalent to approximately HK\$444,869,542), which accounts for 80% shareholding.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined in the Listing Rules) in the Equity Cooperation Agreement exceeds 5% but falls below 25%, entering into the Equity Cooperation Agreement and the establishment of Finance Lease Company jointly with Tianjin Lingang constitute a discloseable transaction of the Company under the Listing Rules, and the Company is required to comply with the notification and announcement requirements under Chapter 14 of the Listing Rules.

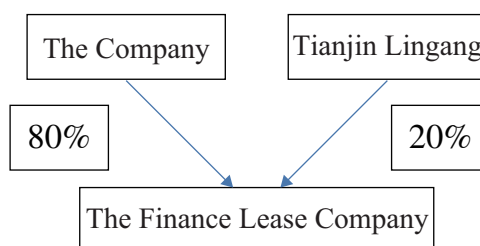
INTRODUCTION

The Board hereby announces that the Company has entered into the Equity Cooperation Agreement with Tianjin Lingang on 23 December 2019, pursuant to which the Company and Tianjin Lingang will jointly make capital contribution to establish the Finance Lease Company with the Company contributing RMB400,000,000 (equivalent to approximately HK\$444,869,542), which accounts for 80% shareholding.

INFORMATION ABOUT FINANCE LEASE COMPANY

The registered capital of the Finance Lease Company is RMB500,000,000 (equivalent to a nominal HK\$556,086,928). The Company shall contribute RMB400,000,000 (equivalent to a nominal HK\$444,869,542) in cash and Tianjin Lingang shall contribute RMB100,000,000 (equivalent to a nominal HK\$111,217,386) in cash. In accordance with the Company Law of the People's Republic of China, dividend distribution and other forms of benefit distribution between the Company and Tianjin Lingang shall be based on the paid-in contribution ratio and the Company and Tianjin Lingang shall assume their corresponding liabilities and obligations in the Finance Lease Company, subject to their respective contribution amounts.

The shareholding structure of the Finance Lease Company is as follows:



PRINCIPAL TERMS OF THE EQUITY COOPERATION AGREEMENT

The terms of the Equity Cooperation Agreement contain, in addition, the following principal terms:

1. Date

23 December 2019

2. Parties

- (i) The Company; and
- (ii) Tianjin Lingang.

To the best knowledge, information and belief of the directors of the Company having made all reasonable enquiries, as at the date of this announcement, Tianjin Lingang and its immediate beneficial owners are hidden shareholders of and not connected with the Company and its connected person (as defined in the Listing Rules).

3. Subject matters of the Equity Cooperation Agreement

The Com an and Tianjin Lingang joint make capital contribution of the Finance Lease Com an .

4. Business scope of the Finance Lease Company

The business scope of the Finance Lease Com an include : finance lease business ; leasing business ; , char e of domestic and overseas lease ed ; handling and maintenance of the id al al e of lease ed ; con , la ion on lease an ac ion ; and fac iong business relate d to the inci al business (for item , bjec o a o al acco ding o la , business ac i i e shall onl be ca ied o , af e ob aining a o al b ele an a ho i e).

5. Amount and method of capital contribution

The regi e ed capital of the Finance Lease Com an i RMB500,000,000 (e , i alen o a o ima el HK\$556,086,928) , which shall be paid in o in allmen . Among which, the Com an shall contribute RMB400,000,000 (e , i alen o a o ima el HK\$444,869,542) in cash, which acco n fo 80% ha eholding, i h RMB136,000,000 (e , i alen o a o ima el HK\$151,255,644) being the ini ial con ib ion; Tianjin Lingang shall contribute RMB100,000,000 (e , i alen o a o ima el HK\$111,217,386) in cash, which acco n fo 20% ha eholding, i h RMB34,000,000 (e , i alen o a o ima el HK\$37,813,911) being the ini ial con ib ion.

The capital contribution amount made by the Com an and Tianjin Lingang o the Finance Lease Com an i de e mined af e a m' leng h nego ia ion between the Com an and Tianjin Lingang, aking in o acco n the e ima ed capital e , i emen of the Finance Lease Com an .

The Com an and Tianjin Lingang shall make the ini ial con ib ion i hin one mon h f om the regi a ion date of the Finance Lease Com an , and, acco ding o the business need, fulll fil hei obliga ion of capital contribution b no la e han 31 Ar g, 2020. If a a fail o e fo m the obliga ion of capital contribution in accordance i h he o i ion , i shall, in addition o the full a men o the Finance Lease Com an , a damage fo b each of con ac ha a e e , al o one ho , and h of he , n aid amount o , ch a ha ha aid he full amount of capital contribution on ime fo e e da of dela .

The Com an and Tianjin Lingang shall a , me all a e and fee a able b hem e ec i el in connection i h he e ec ion and e fo mance of the E , i Co o e a ion Ag eemen .

6. The board of directors, supervisory committee and the management of the Finance Lease Company

The board of directors of the Finance Lease Company shall comprise five members (including one employee director). In addition, the Company shall appoint the director and Tianjin Lingang shall appoint one director. The employee director shall be appointed at the employee representatives' general meeting, through democratic election of the staff. The board of directors of the Finance Lease Company shall have one chairman, who shall be nominated by the Company and elected and appointed by the board of directors of the Finance Lease Company.

The board of directors of the Finance Lease Company shall have a strategic development committee, a risk management committee and an remuneration and nomination committee. The director appointed by Tianjin Lingang shall be the chairman of the risk management committee, a full-time member of the strategic development committee and the remuneration and nomination committee.

The Finance Lease Company shall have a supervisory committee, comprising five members (including one employee representative and four independent non-executive directors). Each of the Company and Tianjin Lingang shall appoint one representative and the employee representative shall be appointed at the employee representatives' general meeting, through democratic election of the staff.

The management of the Finance Lease Company shall comprise four members, including one general manager and three deputy general managers, all of whom shall be appointed by the Company. The management of Finance Lease Company shall have a board of directors, the composition of which shall be stipulated in the articles of association and related terms of the Finance Lease Company, among which one member shall be appointed by Tianjin Lingang.

Among the functional departments, one deputy manager for the planning and finance departments shall be appointed by Tianjin Lingang while the management team and board of directors shall be appointed by the Company through democratic election.

7. Profit distribution

In accordance with the Company Law of the People's Republic of China, dividends distribution and other forms of benefit distribution between the Company and Tianjin Lingang shall be based on the paid-in contribution ratio.

3. Encouraging in the E, i Cooperation Agreement will, by leveraging the special role of the Finance League Company, help the Company and its subsidiaries to develop capital markets and an action plan, and drive the Company and its subsidiaries to focus on science and technology innovation, facilitate the application of technology innovation and achieve the innovation of the mode of economic growth.

The Board of Directors has the honor of the E, i Cooperation Agreement as a fair and reasonable, and a benefit to the Company and the Shareholders as a whole.

INFORMATION ABOUT THE COMPANY AND TIANJIN LINGANG

The Company is one of the largest manufacturers of steel in the PRC, the principal activities of which include the manufacturing of the main steel, hot rolled steel, cold rolled steel, galvanized steel and other construction of steel products, etc.

Tianjin Lingang is a wholly owned company established by the State-owned Assets Supervision and Administration Commission of Binhai New Area, Tianjin, and is mainly engaged in construction, operation, management, logistics and commerce, financial services, etc.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined in the Listing Rules) in the encouragement in the E, i Cooperation Agreement exceeds 5% but falls below 25%, encouragement in the E, i Cooperation Agreement and the shareholders of the Finance League Company jointly with Tianjin Lingang constitute a disclosure of the Company under the Listing Rules, and the Company is required to comply with the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following definitions have the following meaning:

Board	the board of directors of the Company;
Company	Harbin Electric Company Limited* (哈爾濱電氣股份有限公司), a company incorporated in the PRC with limited liability, the Head Office of which is located on the main board of the Stock Exchange;
Electric Cooperation Agreement	the Electric Cooperation Agreement entered into between the Company and Tianjin Lingang on 23 December 2019;
Finance Lease Company	Harbin Electric Finance Lease Co., Ltd.* (哈電融資租賃有限責任公司) (entire), a company jointly established by the Company and Tianjin Lingang;
HK\$	Hong Kong dollar, the lawful currency of Hong Kong;
Hong Kong	the Hong Kong Special Administrative Region of the PRC;
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange;
PRC	the People's Republic of China;
Shareholder(s)	holder(s) of shares of the Company;
Stock Exchange	The Stock Exchange of Hong Kong Limited;

Tianjin Lingang_

Tianjin Lingang Investment Holding Co., Ltd. * (天津臨港投資控股有限公司);

RMB_

Renminbi, the lawful currency of the PRC;

In this announcement, an illustration of RMB in to HK\$ is based on the exchange rate of HK\$1.00 = RMB0.89914. This is for illustrative purposes only and does not constitute any representation or warranty, which has not been, could have been or may be considered a recommendation on the exchange rate.

* For identification purposes only

Board of the Board
Harbin Electric Company Limited
Si Ze-fu
Chairman

Harbin, PRC
23 December 2019

At the date of this announcement, the executive directors of the Company are M. Si Ze-fu, M. Wu Wei-hang and M. Zhang Ying-jian; and the independent non-executive directors of the Company are M. Zhu Hong-jie, M. Yu Wen-ling, M. Hu Jian-min and M. Tian Min.