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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 of Directors of Harbin Electric Company Limited (the "Company") has approved the Equity Cooperation Agreement between the Company and Tianjin Lingang Investment Holding Co., Ltd. (the "Partner") dated December 23, 2019, pursuant to which the Company and the Partner have entered into an equity cooperation agreement. The Company has issued 80% of the shares of the Partner, with a total value of RMB400,000,000 (equivalent to HK\$444,869,542), to the Partner.

IMPLICATIONS UNDER THE LISTING RULES

According to the Listing Rules (as defined in the Listing Rules), the Equity Cooperation Agreement is considered to be a connected transaction of the Company. The Equity Cooperation Agreement is subject to the approval of the Shareholders of the Company. The Equity Cooperation Agreement is also subject to the approval of the Shareholders of the Partner. The Equity Cooperation Agreement is also subject to the approval of the Shareholders of the Partner.

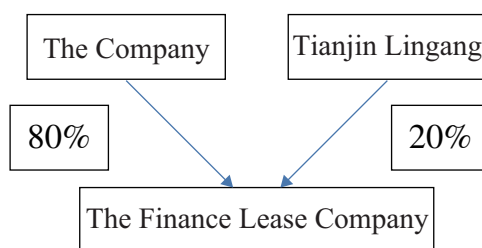
INTRODUCTION

The Board of Directors of Harbin Electric Company Limited (the "Company") has approved the Equity Cooperation Agreement between the Company and Tianjin Lingang Investment Holding Co., Ltd. (the "Partner") dated December 23, 2019, pursuant to which the Company and the Partner have entered into an equity cooperation agreement. The Company has issued 80% of the shares of the Partner, with a total value of RMB400,000,000 (equivalent to HK\$444,869,542), to the Partner.

INFORMATION ABOUT FINANCE LEASE COMPANY

The registered capital of Finance Lease Company is RMB500,000,000 (equivalent to HK\$556,086,928). The Company's authorized capital is RMB400,000,000 (equivalent to HK\$444,869,542) and the total amount of shares is RMB100,000,000 (equivalent to HK\$111,217,386) in total. In accordance with the Company's Articles of Association, the shareholders of Finance Lease Company are:

The shareholders of Finance Lease Company are as follows:



PRINCIPAL TERMS OF THE EQUITY COOPERATION AGREEMENT

The Equity Cooperation Agreement, entered into on the date of signing, is as follows:

1. Date

23 December 2019

2. Parties

() The Company; and

() Tianjin Lingang.

The above information is provided for the Finance Lease Company's reference only. The Finance Lease Company is not responsible for the accuracy of the information. The Finance Lease Company is not responsible for the accuracy of the information. The Finance Lease Company is not responsible for the accuracy of the information. (a def ed e L R e).

3. Subject matters of the Equity Cooperation Agreement

The Company and the Lessor agree to cooperate in the business of Finance Lease Company.

4. Business scope of the Finance Lease Company

The business of Finance Lease Company includes: finance lease business; equipment lease business; cash flow management; and other business activities related to the above (including but not limited to the above).

5. Amount and method of capital contribution

The registered capital of Finance Lease Company is RMB500,000,000 (equivalent to HK\$556,086,928), of which the Lessor contributes RMB400,000,000 (equivalent to HK\$444,869,542) in cash, and the Company contributes RMB100,000,000 (equivalent to HK\$111,217,386) in cash, and the Lessor contributes RMB34,000,000 (equivalent to HK\$37,813,911) in cash.

The Lessor shall be responsible for the capital contribution of the Finance Lease Company, and the Company shall be responsible for the capital contribution of the Finance Lease Company.

The Company and the Lessor agree to cooperate in the business of Finance Lease Company, and the Company shall be responsible for the capital contribution of the Finance Lease Company, and the Lessor shall be responsible for the capital contribution of the Finance Lease Company.

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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 elect the supervisory committee (hereinafter referred to as the Supervisory Committee). The Supervisory Committee shall have the right to elect and dismiss the members of the board of directors of the Finance Lease Company. The Supervisory Committee shall have the right to elect and dismiss the members of the board of directors of the Finance Lease Company.

The board of directors of the Finance Lease Company shall have the right to elect and dismiss the members of the Supervisory Committee. The Supervisory Committee shall have the right to elect and dismiss the members of the board of directors of the Finance Lease Company.

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7. Profit distribution

The Finance Lease Company shall have the right to elect and dismiss the members of the Supervisory Committee. The Finance Lease Company shall have the right to elect and dismiss the members of the board of directors of the Finance Lease Company.

8. Equity transfer and change of registered capital

Members of the Company shall have the right to transfer their shares to other members of the Company. The Company shall have the right to increase its registered capital by issuing new shares to existing members of the Company or to other persons. The Company shall have the right to reduce its registered capital by cancelling shares. The Company shall have the right to change its registered capital by increasing or decreasing the number of shares or the nominal value of the shares.

If the Company is a limited liability company, the Company shall have the right to increase its registered capital by issuing new shares to existing members of the Company or to other persons. If the Company is a limited liability company, the Company shall have the right to reduce its registered capital by cancelling shares. If the Company is a limited liability company, the Company shall have the right to change its registered capital by increasing or decreasing the number of shares or the nominal value of the shares.

9. Effect and operation term of the Equity Cooperation Agreement

The Equity Cooperation Agreement shall be effective from the date of its signing by the parties. The Equity Cooperation Agreement shall be effective until the date of its termination. The Equity Cooperation Agreement shall be terminated if the parties agree to terminate it or if the Equity Cooperation Agreement is terminated by law.

The Equity Cooperation Agreement shall be effective from the date of its signing by the parties.

REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUITY COOPERATION AGREEMENT

1. The Equity Cooperation Agreement shall be effective from the date of its signing by the parties. The Equity Cooperation Agreement shall be effective until the date of its termination. The Equity Cooperation Agreement shall be terminated if the parties agree to terminate it or if the Equity Cooperation Agreement is terminated by law.
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3. The Board of Directors of the Company, by resolution, has authorized the Company to issue up to 5% of its authorized capital of 1,000,000,000 shares, including the shares to be issued under the Company's 2014 Share Incentive Plan, in accordance with the provisions of the Company's Articles of Association and the Company's Charter.

The Board of Directors of the Company has authorized the Company to issue up to 5% of its authorized capital of 1,000,000,000 shares, including the shares to be issued under the Company's 2014 Share Incentive Plan, in accordance with the provisions of the Company's Articles of Association and the Company's Charter.

INFORMATION ABOUT THE COMPANY AND TIANJIN LINGANG

The Company is a limited liability company established in the People's Republic of China (PRC), with its registered office at No. 1, Jiefang Road, Tianjin Lingang District, Tianjin Municipality, PRC. The Company's business scope includes the development, production, sales, and maintenance of various types of machinery and equipment, as well as the provision of technical services.

The Company's shares are listed on the Shanghai Stock Exchange. The Company's main products include various types of machinery and equipment, which are widely used in the manufacturing industry. The Company has a long history and a strong reputation in the market.

IMPLICATIONS UNDER THE LISTING RULES

As a public company, the Company is subject to the Listing Rules of the Shanghai Stock Exchange. The Company's financial performance and other information are disclosed in accordance with the Listing Rules. The Company's shares are listed on the Shanghai Stock Exchange, and the Company's shares are traded on the Shanghai Stock Exchange.

DEFINITIONS

In accordance with the meaning of the words and expressions contained herein, unless otherwise stated:

Bad – the bad debt 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 and established by the Harbin Electric Company Limited; and

Exchange Agreement – the Exchange Agreement entered into and executed by the Company and Tala Limited 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) (a company), a company established by the Company and Tala Limited;

HK\$ – Hong Kong dollar, the official currency of Hong Kong;

HK – the Hong Kong Securities and Futures Commission of the PRC;

LR – the Register of the Listing of Securities of the Company;

PRC – the People's Republic of China;

Shareholder(s) – the shareholder(s) of the Company;

Securities – the Securities of the Company;

T a L a - T a L a I . e . e H d C . , L d . * (天津
臨港投資控股有限公司);

RMB- R e b , e a f c e q f e PRC;

I a c e , a a f RMB HK\$ b a e d e e c a e a e
f HK\$1.00 = RMB0.89914. T f e e f a y a d d e
c e a e e e a a a y a a e b e e , c d a e b e e a y b e
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* F d e f c a e y

B y O d e f e B a d
Harbin Electric Company Limited
Si Ze-fu
C a a

H a b , PRC
23 D e c e m b e r 2019

A a e d a e f a c e e , e e e c . e d e c f e C a y a e M .
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