



## IMPLICATIONS UNDER THE LISTING RULES

As a consequence of the above, the Subscriber did not receive 701,235,000 D. S. S. Shares of the Company, as a result of which the Company's share capital is reduced to the extent of 701,235,000 D. S. S. Shares. The Company is required to comply with the Listing Rules, the Subscriber is required to disclose the details of the Company's share capital and the details of the Company's share capital as a result of the above.

## INDEPENDENT BOARD COMMITTEE

Pursuant to the Listing Rules, the Independent Board Committee (the "IB Committee") has been formed to advise the Independent Shareholders of the D. S. S. Shares and the Secfifc Madae. In accordance with the Company's Memorandum and Articles of Association, the IB Committee is required to advise the Independent Shareholders of the D. S. S. Shares and the Secfifc Madae as to whether the Independent Shareholders should accept the offer of the D. S. S. Shares and the Secfifc Madae and to advise the Independent Shareholders of the D. S. S. Shares and the Secfifc Madae as to whether they should accept the offer of the D. S. S. Shares and the Secfifc Madae.

## PROPOSED AMENDMENTS TO THE ARTICLES

The Board is required to take all necessary steps to give effect to the above and to ensure that the Company's Articles of Association are amended to reflect the above.

The proposed amendments to the Articles of Association are set out in the Schedule to the Circular and are subject to the approval of the Independent Shareholders at a general meeting of the Company.

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## EGM AND CLASS MEETINGS

The EGM and the Class Meeting shall be convened, called and conducted, if necessary, by the Domestic Share Subscriber, the Specific Mandate and the Agent (as hereinafter may be).

The Domestic Share Subscriber and the Specific Mandate shall be authorized by any resolution passed at the EGM and the Class Meeting to be authorized by the Independent Shareholder. The Subscriber (a day before the date of the meeting) shall be entitled to the Domestic Share Subscriber and the Specific Mandate (to be entered) and the Agent shall be authorized by the Independent Domestic Share Subscriber and the Specific Mandate and the EGM and the Class Meeting.

## DESPATCH OF CIRCULAR

Accordingly, the following: (i) the Agent of the Domestic Share Subscriber, the Specific Mandate and the Agent; (ii) the Agent of the Independent Shareholder, Board of Directors of the Independent Shareholder, the Domestic Share Subscriber and the Specific Mandate; and (iii) the Agent of the Independent Shareholder, Board of Directors of the Domestic Share Subscriber and the Specific Mandate, shall be despatched before 25 September 2017 in accordance with the Listing Rules.

**As the Domestic Share Subscription is subject to the satisfaction of the conditions precedent under the Domestic Share Subscription Agreement as set out in the section headed “Conditions precedent to the Domestic Share Subscription Agreement” in this announcement, the proposed Domestic Share Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action to be taken, should consult their stockbroker, bank manager or other professional advisers.**



The Issa Subscription Price, being HK\$4.56 (equivalent to approximately RMB3.84) of the Domestic Shares, as determined after adjustment for the exercise of the Company's additional Subscription Rights, shall be calculated on the basis of the Issa Subscription Price of HK\$4.56 of the Company as of the 20th day preceding the date of the Domestic Shares Subscription Agreement, plus a discount of 10%, rounded down to the nearest cent.

The Final Subscription Price shall be determined in reference to the Issa Subscription Price as being effective for the additional issue of the Company's Shares. The Issa Subscription Price, the Final Subscription Price shall be the greater of the Issa Subscription Price, the Final Subscription Price and the Issa Subscription Price, plus a discount of 5%. In the event that the Issa Subscription Price, the Final Subscription Price, the Final Subscription Price shall be the greater of the Issa Subscription Price.

All the Company's Shares denominated in Hong Kong dollars, for the purpose of the Subscription, shall be convertible into Renminbi. Hong Kong dollars shall be calculated on the basis of the exchange rate of the exchange rate between Renminbi and Hong Kong dollars published by the People's Bank of China on the Reference Date and the 10th day preceding the date of the Reference Date.

**Number of new Domestic Shares to be subscribed for**

The Shares to be subscribed for by the Domestic Shares Applicant shall be calculated on the basis of the Issa Subscription Price of RMB1.27 billion (equivalent to approximately HK\$1.51 billion).

The number of Domestic Shares to be subscribed shall be calculated by dividing RMB1.27 billion (equivalent to approximately HK\$1.51 billion), after being calculated on the basis of the exchange rate of the exchange rate between the Final Subscription Price and the Issa Subscription Price, by the Issa Subscription Price and rounded down to the nearest integer.

All the Final Subscription Price, the greater of the Issa Subscription Price, 330,668,000 of the Domestic Shares to be subscribed, shall be divided into (i) approximately 47.16% of the newly issued Domestic Shares and approximately 24.02% of the newly issued Shares on the basis of the Company's share capital as of the Reference Date; and (ii) approximately 32.04% of the newly issued Domestic Shares and approximately 19.37% of the newly issued Shares on the basis of the Company's share capital as of the Reference Date.





### C. SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company as at the date of this announcement, and the expected shareholding structure of the Company (assuming the completion of the proposed recapitalization of the Company) (the "Completion"):

Name of Shareholder	Share Class	As at the date of this Announcement		Immediately after the Completion (assuming the Final Subscription Price is the same as the Initial Subscription Price)		Immediately after the Completion (assuming the Final Subscription Price is at its maximum of HK\$4.79 (equivalent to approximately RMB4.03) 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
Habib Enterprise Corporation	Domestic	701,235,000	50.93%	1,031,903,000	60.43%	1,016,157,000	60.07%
H Shareholder	H Share	675,571,000	49.07%	675,571,000	39.57%	675,571,000	39.93%
Total		<u>1,376,806,000</u>	<u>100.00%</u>	<u>1,707,474,000</u>	<u>100.00%</u>	<u>1,691,728,000</u>	<u>100.00%</u>

### D. PROPOSED AMENDMENTS TO THE ARTICLES

The Board has adopted the amendments to the Articles, which will be effective upon the completion of the proposed recapitalization of the Company, and the amendments to the Articles of the Domestic Shareholders.

The amendments to the Articles will be effective upon the adoption of the amendments by the Shareholders by a special resolution at the EGM and the amendments to the Articles of the Domestic Shareholders will be effective upon the completion of the proposed recapitalization of the Company.

For the full details of the amendments to the Articles, please refer to the circular letter issued by the Company to the Shareholders, and the Domestic Shareholders Subscription and Domestic Shareholders Agreement.

**E. USE OF PROCEEDS**

The Company expects to use the net proceeds of approximately RMB1.27 billion (equivalent to approximately HK\$1.51 billion) from the Domestic Share Subscription. The net proceeds from the Domestic Share Subscription are expected to be approximately RMB1.267 billion (equivalent to approximately HK\$1.504 billion). In addition, the Company will use the net proceeds from the Domestic Share Subscription for the following purposes:

- (i) to invest in the company's existing and planned operations;
- (ii) to fund the company's capital expenditure and other general corporate purposes.

**F. REASONS FOR AND BENEFITS OF THE DOMESTIC SHARE SUBSCRIPTION**

The Company is a company incorporated in the PRC under the laws of the H Share Listing Rules of the Main Board of the Stock Exchange (Stock Code: 1133).

The Group is a leading manufacturer of electronic components in the PRC, with a strong track record of providing high-quality products to its customers. The Group's products are widely used in various industries, including consumer electronics, automotive, and industrial equipment, etc.

The Subscription is expected to be used for the Company's additional capital expenditure, including the expansion of its manufacturing capacity and the development of new products. The Subscription will also be used to fund the company's working capital requirements and other general corporate purposes.

The net proceeds from the Subscription are expected to be used for the following purposes: (i) to fund the company's capital expenditure and other general corporate purposes; (ii) to fund the company's working capital requirements and other general corporate purposes; (iii) to fund the company's research and development activities; (iv) to fund the company's expansion into new markets; (v) to fund the company's expansion into new products; (vi) to fund the company's expansion into new industries; (vii) to fund the company's expansion into new geographical areas; (viii) to fund the company's expansion into new business models; (ix) to fund the company's expansion into new technologies; (x) to fund the company's expansion into new markets, products, industries, geographical areas, business models, technologies, etc.

## G. RECENT FUND RAISING ACTIVITIES

The Company has conducted a fund raising activity during the period of February to March 2012. The Company has raised a net amount of Rs. 701,235,000.

## H. IMPLICATIONS UNDER THE LISTING RULES

As a result of the fund raising activity, the net amount of Rs. 701,235,000 has been received by the Company, which is equivalent to 50.93% of the Company's paid-up capital. Pursuant to the Listing Rules, a public company is required to comply with the conditions specified in the Listing Rules. Accordingly, the Director of the Company has taken the necessary steps to comply with the Listing Rules and the Company is in compliance with the Listing Rules.

The Director of the Company has also taken the necessary steps to comply with the Listing Rules. The Director of the Company has also taken the necessary steps to comply with the Listing Rules. The Director of the Company has also taken the necessary steps to comply with the Listing Rules.

## I. INDEPENDENT BOARD COMMITTEE

Pursuant to the Listing Rules, the Independent Board Committee (IBCC) has been constituted. The IBCC has been constituted by the Company and is responsible for the oversight of the Company's financial reporting and other matters. The IBCC has been constituted by the Company and is responsible for the oversight of the Company's financial reporting and other matters.

## J. EGM AND CLASS MEETING

The EGM and the Class Meeting shall be held in accordance with the following: (i) the agenda of the Specific Madrasah and (ii) the agenda of the Assembly (Annual Conference). The agenda of the Specific Madrasah and the EGM and the Class Meeting (Annual Conference) shall be decided by the following. The Specific Madrasah and the Specific Madrasah shall be decided by the following agenda of the EGM and the Class Meeting shall be decided by the following agenda of the Specific Madrasah.

The Specific Madrasah (Annual Conference) shall be held in accordance with the agenda of the Specific Madrasah and the Specific Madrasah shall be held in accordance with the agenda of the Specific Madrasah and the EGM and the Class Meeting.

## K. DESPATCH OF CIRCULAR

According to the following: (i) the agenda of the Specific Madrasah and the Specific Madrasah and the agenda of the Assembly; (ii) the agenda of the Specific Madrasah and the agenda of the Specific Madrasah and the agenda of the Specific Madrasah; and (iii) the agenda of the Specific Madrasah and the agenda of the Specific Madrasah and the agenda of the Specific Madrasah.

## DEFINITIONS

- Unless the context otherwise requires, the following definitions apply:
- ▲ **Associate** – means a natural person who is a director or officer of the Company;
  - ▲ **Board** – means the Board of Directors of the Company;
  - ▲ **Capital Measure** – means the measures of the HSAR, deemed to be included in the definition of “financial”, as amended from time to time, of the DFI and the SFC and the SFC’s Mandatory Listing Rules;
  - ▲ **Company Price** – means the price of the HSAR of the Company as set out in the Reference Data;
  - ▲ **Company** – means the Electric Company Limited, a company incorporated in the PRC and listed on the Shanghai Stock Exchange;
  - ▲ **Company’s share** – means the shares of the DFI and the SFC;
  - ▲ **Controlled Person(s)** – means the person(s) as defined in the Listing Rules;
  - ▲ **Director** – means the director of the Company;
  - ▲ **DFI and SFC’s Subsidiary** – means the subsidiary of the DFI and SFC by the SFC being listed in the DFI and SFC’s Mandatory Listing Rules;
  - ▲ **DFI and SFC’s Subsidiary Agreement** – means the agreement between the subsidiary and the DFI and SFC entered into on 4 September 2017 in respect of, inter alia, the SFC’s subsidiary agreement with the SFC, and the Company’s subsidiary agreement with the DFI and SFC, as amended from time to time, in which the DFI and SFC’s share of the subsidiary’s capital is HK\$1.51 billion (equivalent to RMB1.27 billion);
  - ▲ **DFI and SFC’s share** – means the share of the DFI and SFC;

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