

HARBIN ELECTRIC COMPANY LIMITED (SSE: 600893) HARBIN ELECTRIC CORPORATION
KILANG ELEKTRIK BERHAD (KLSE: 5345) HARBIN ELECTRIC CORPORATION
HARBIN ELECTRIC CORPORATION
HARBIN ELECTRIC CORPORATION



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 INVESTMENT AGREEMENT OF ZESHENG ENVIRONMENTAL PROTECTION COMPANY BY BOILER COMPANY

BOILER COMPANY ENTERING INTO THE INVESTMENT AGREEMENT OF ZESHENG ENVIRONMENTAL PROTECTION COMPANY

BOILER COMPANY (the "Company") is a wholly-owned subsidiary of HARBIN ELECTRIC COMPANY LIMITED (the "Parent Company"). On September 9, 2021, the Company entered into an investment agreement with ZESHENG ENVIRONMENTAL PROTECTION COMPANY (the "Investment Agreement"). Pursuant to the Investment Agreement, the Company has agreed to invest RMB120 million in ZESHENG ENVIRONMENTAL PROTECTION COMPANY. The Company has also agreed to provide ZESHENG ENVIRONMENTAL PROTECTION COMPANY with a loan of RMB40 million. The total amount of the investment and loan is RMB160 million (equivalent to HK\$190.2588 million).

As a result of the Investment Agreement, the Company's ownership stake in ZESHENG ENVIRONMENTAL PROTECTION COMPANY has increased from 50.42% to 50.42%.

IMPLICATIONS UNDER THE LISTING RULES

As a result of the Investment Agreement, the Company's ownership stake in ZESHENG ENVIRONMENTAL PROTECTION COMPANY has increased from 50.42% to 50.42%. Pursuant to the Listing Rules, the Company is required to disclose the Investment Agreement and its implications under the Listing Rules.

INTRODUCTION

This Investment Agreement ("Investment Agreement") is made and entered into as of the 9th day of April, 2021, by and between Beijing C... Co., Ltd. ("Beijing C..."), a company duly organized and existing under the laws of the People's Republic of China, and its wholly owned subsidiary, Environmental Protection Company ("Environmental Protection Company"), a company duly organized and existing under the laws of the People's Republic of China. Beijing C... has a registered capital of RMB120 million, and Environmental Protection Company has a registered capital of RMB40 million. The total investment amount is RMB160 million (equivalent to HK\$190.2588 million).

PRINCIPAL TERMS OF THE INVESTMENT AGREEMENT OF ZESHENG ENVIRONMENTAL PROTECTION COMPANY

The following are the principal terms of the Investment Agreement:

1. Date

9th April, 2021

2. Parties

(1) Beijing C...;

(2) Lu... H...;

(3) M... S... A...;

(4) Environmental Protection Company.

The Company, Beijing C..., is a company duly organized and existing under the laws of the People's Republic of China. The Company is a wholly owned subsidiary of D... Co., Ltd., a company duly organized and existing under the laws of the People's Republic of China. Lu... H..., M... S... A... and Environmental Protection Company are all natural persons. The total investment amount is RMB160 million (equivalent to HK\$190.2588 million).

3. Investment plan and price

B. C RMB120
E P C v
RMB40 E P
C v, v RMB160
(HK\$190.2588).

A. I, B. C 50.42%
E P C E
P C v B. C

4. Payment method

B. C
RMB100 E P C v 15
I E P C ;

B. C
RMB10 E P C v 15
E P C ;

B. C
RMB10 E P C v 15
B. L. H. ()
E P C ;

B. 15 M 2021, B. C
RMB40 E P C

5. The governance structure of Zesheng Environmental Protection Company after the Investment

A. I, E
P C 5, v 3
B. C, 1 1
L. H. T
B. C E
P C

A. I, E
P C 3, v 2
B. C L. H. T
L. H. T
E P C

A. I., L. H., E. P.
 C. L. H. E. P. C.;
 B. C.
 E. P.
 C.

6. Profit distribution

A. E. P. C. v. L.

7. Equity transfer

A. I., L. H., M., S. v. A.
 E. P. C.
 E. P. C.
 E. P. C.; E.
 P. C. B. L. H. ~~W~~
 (), L. H., M., S. v. A.
 E. P.
 C.
 E. P. C.

A. I., L. H.
 M., S. v. A.
 E. P. C.
 E. P. C., B. C.
 H. v., L. H.
 M., S. v. A. E.
 P. C. v. S. P., B.
 C. v.

A. I., B. C.
 E. P. C.
 HE, L. H., M., S. v. A.

8. Anti-dilution and preemptive right

According to the Articles of Association of Heilongjiang Guangrunyuan (HGR), the preemptive right of the existing shareholders shall be exercised in the following order: (1) the existing shareholders of the same class of shares; (2) the existing shareholders of different classes of shares; (3) the existing shareholders of the same class of shares; (4) the existing shareholders of different classes of shares. If the preemptive right is not exercised within the prescribed time limit, the preemptive right shall be deemed to be waived.

According to the Articles of Association of Heilongjiang Guangrunyuan (HGR), the preemptive right of the existing shareholders shall be exercised in the following order: (1) the existing shareholders of the same class of shares; (2) the existing shareholders of different classes of shares; (3) the existing shareholders of the same class of shares; (4) the existing shareholders of different classes of shares. If the preemptive right is not exercised within the prescribed time limit, the preemptive right shall be deemed to be waived.

DETERMINATION FOR THE CONSIDERATION OF TRANSACTION

The Board of Directors of Heilongjiang Guangrunyuan (HGR) has determined the consideration for the transaction based on the Appraisal Report issued by Heilongjiang Guangrunyuan (HGR) Appraisal Company, Ltd. (Heilongjiang Guangrunyuan-) on March 30, 2020 (the "Benchmark Date") (the "Appraisal-"), dated March 31, 2020.

The Board of Directors of Heilongjiang Guangrunyuan (HGR) has determined the consideration for the transaction based on the Appraisal Report issued by Heilongjiang Guangrunyuan (HGR) Appraisal Company, Ltd. (Heilongjiang Guangrunyuan-) on March 30, 2020 (the "Benchmark Date") (the "Appraisal-"), dated March 31, 2020. The consideration for the transaction is RMB50 million. The Appraised Value of the transaction is RMB162.0264 million. The consideration for the transaction is RMB3.24 million. The consideration for the transaction is RMB120 million. The consideration for the transaction is 50.42%.

The Board of Directors of Heilongjiang Guangrunyuan (HGR) has determined the consideration for the transaction based on the Appraisal Report issued by Heilongjiang Guangrunyuan (HGR) Appraisal Company, Ltd. (Heilongjiang Guangrunyuan-) on March 30, 2020 (the "Benchmark Date") (the "Appraisal-"), dated March 31, 2020. The consideration for the transaction is RMB14.61 million. The consideration for the transaction is RMB15 million. The consideration for the transaction is RMB14.60 million. The consideration for the transaction is RMB14.62 million. The consideration for the transaction is RMB14.60 million.

REASONS FOR AND BENEFITS OF THE INVESTMENT

The investment in Boiler Company is a strategic move for the Company, as it provides access to advanced technologies, expertise, and resources in the field of R&D. This investment is expected to enhance the Company's competitive advantage and drive long-term growth. The investment in Boiler Company is also expected to provide the Company with access to a large and growing market, which is expected to drive long-term growth. The investment in Boiler Company is also expected to provide the Company with access to a large and growing market, which is expected to drive long-term growth.

The investment in Boiler Company is also expected to provide the Company with access to a large and growing market, which is expected to drive long-term growth. The investment in Boiler Company is also expected to provide the Company with access to a large and growing market, which is expected to drive long-term growth. The investment in Boiler Company is also expected to provide the Company with access to a large and growing market, which is expected to drive long-term growth.

The investment in Boiler Company is also expected to provide the Company with access to a large and growing market, which is expected to drive long-term growth.

Information about the Company

The Company is a leading provider of industrial equipment and services in the PRC, with a strong focus on innovation and customer service. The Company's products and services are widely used in various industries, including manufacturing, energy, and infrastructure. The Company's strong financial performance and market position make it an attractive investment opportunity for the Company.

Information about Boiler Company

Boiler Company is a leading provider of industrial equipment and services in the PRC, with a strong focus on innovation and customer service. The Company's products and services are widely used in various industries, including manufacturing, energy, and infrastructure. The Company's strong financial performance and market position make it an attractive investment opportunity for the Company. The investment in Boiler Company is also expected to provide the Company with access to a large and growing market, which is expected to drive long-term growth.

Information about Longyu Hongda and Meihekou State-owned Assets

Longyu Hongda and Meihekou State-owned Assets are leading providers of industrial equipment and services in the PRC, with a strong focus on innovation and customer service. The investment in these assets is expected to provide the Company with access to a large and growing market, which is expected to drive long-term growth. The investment in Longyu Hongda and Meihekou State-owned Assets is also expected to provide the Company with access to a large and growing market, which is expected to drive long-term growth.

Ministry of Science and Technology, Academy of Science, Chinese Academy of Sciences, PRC, the company's registered office is located at RMB10,000,000. In accordance with the company's articles of association, the company is authorized to issue ordinary shares with a par value of RMB100 (100 yuan) each (see also Note 16). The company's headquarters is located in Beijing, PRC.

Information about Zesheng Environmental Protection Company

Zesheng Environmental Protection Company, a wholly-owned subsidiary of the company, is a PRC limited liability company established in Beijing, PRC. The company's registered office is located at the same address as the company. The company's business scope includes: design and construction of environmental protection projects; operation and maintenance of environmental protection projects; environmental monitoring and evaluation; environmental impact assessment; environmental remediation and restoration; and other environmental protection services.

The equity structure of Zesheng Environmental Protection Company is as follows:

| Shareholder Name | Equity Structure before the Investment | Equity Structure after the Investment |
|-------------------------------------------------------------------------------------|----------------------------------------|---------------------------------------|
| Li Jiahai | 90% | 44.62% |
| Ministry of Science and Technology, Academy of Science, Chinese Academy of Sciences | 10% | 4.96% |
| Beijing Chengde Environmental Protection Company | | 50.42% |
| Total | <u>100%</u> | <u>100%</u> |

Beijing Chengde Environmental Protection Company, an equity partner of Zesheng Environmental Protection Company, is a PRC limited liability company established in Beijing, PRC with a registered capital of RMB50 million. Beijing Chengde Environmental Protection Company is a wholly-owned subsidiary of Beijing Chengde Environmental Protection Company. Beijing Chengde Environmental Protection Company is a PRC limited liability company established in Beijing, PRC with a registered capital of RMB100 million.

As at 31 December 2019 and 31 December 2020, the equity structure of Zesheng Environmental Protection Company is as follows: RMB110,170,706.96 and RMB171,744,719.36, respectively.

2020:

| | For the year ended 31 December 2019 (RMB) | For the year ended 31 December 2020 (RMB) |
|------------|-------------------------------------------------------|-------------------------------------------------------|
| Net income | 0 | 0 |
| Net loss | 0 | 0 |

Note: For the year ended 31 December 2019, the net income was 0 RMB and net loss was 0 RMB. For the year ended 31 December 2020, the net income was 0 RMB and net loss was 0 RMB.

IMPLICATIONS UNDER THE LISTING RULES

According to the Listing Rules, if the public float of the Company is less than 5% of the Company's net assets (excluding intangible assets) or less than 25% of the Company's net assets (excluding intangible assets) or less than 10% of the Company's net assets (excluding intangible assets) or less than 14% of the Company's net assets (excluding intangible assets), the Company may be required to delist from the Exchange.

DEFINITIONS

In this prospectus, the following definitions apply:

- ▲ **B share** – Shares of the Company with a par value of RMB 1.00;
- ▲ **B share conversion** – Conversion of B shares into A shares, as defined in the Company's articles of association;
- ▲ **C share** – Shares of the Company with a par value of RMB 1.00, which are listed on the Shanghai Exchange;
- ▲ **Company** – The Company, a company limited by shares incorporated in the PRC with its registered office in the People's Republic of China and its principal place of business in the People's Republic of China;
- ▲ **Company's net assets** – The net assets of the Company as determined for the purposes of the Listing Rules;
- ▲ **Company's net assets (excluding intangible assets)** – The net assets of the Company as determined for the purposes of the Listing Rules, excluding intangible assets;

| | |
|---------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ▲ D. (-) | (-) C. |
| ▲ HE- | H E C C., L.* (哈爾濱電氣集團有限公司), C.; |
| ▲ HK\$- | H K , v H K ; |
| ▲ H K - | H K S A R PRC; |
| ▲ I - | B C RMB120 E P C v RMB40 E P C ; |
| ▲ I A E P C - | I A J E P E C., L. S A I A J E P E C., L. v B C , L H , M S v A E P C 9 A 2021 I ; |
| ▲ L R - | R G L S S E ; |
| ▲ L H - | L H I M C., L.* (隆裕弘達投資管理有限公司); |
| ▲ M S v A - | M S v A M C., L.* (梅河口市國有資產經營有限責任公司); |
| ▲ P - | B C , L H , M S v A E P C ; |
| ▲ (-) | L R ; |
| ▲ PRC- | P R C , H K , M S A R T ; |

- ▲ RMB— RMB, 中國人民銀行 (PRC);
- ▲ S— (\$)— 美元;
- ▲ S. I. P— S. I. P 有限公司 (Harbin Electric Company Limited, 哈爾濱電機有限公司), 註冊地址: 中國黑龍江省齊齊哈爾市龍江路 100 號, 電話: 86-460-2611111; 傳真: 86-460-2611112; 郵政信箱: 460;
- ▲ S. E— T. S. E— 香港;
- ▲ Jilin Province Environmental Protection Engineering Co., Ltd.* (吉林省澤盛環保工程有限公司);

1 RMB = HK\$ 0.84096. T

* Environmental Protection Engineering Co., Ltd.

B O
Harbin Electric Company Limited
 Ai Li-song
 C S

H , PRC
 9 A 2021

A C M. S.
 M. M. S.
 C M. H , M. H J , M. C G
 M. T