

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this notice, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this notice.



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting (“**EGM**”) of Harbin Electric Company Limited (the “**Company**”) will be held at Conference Room of the Company located at 1399 Chuangxinyi Road, Songbei District, Harbin, Heilongjiang Province, PRC on Friday, 1 December 2017 at 9:00 a.m. to consider and, if thought fit, pass the following resolutions. Capitalised terms defined in the circular dated 16 October 2017 issued by the Company (the “**Circular**”) shall have the same meanings when used herein unless otherwise specified:

SPECIAL RESOLUTIONS

1. THAT:

the Company be and is hereby approved to conditionally issue the Domestic Share to the Subscriber pursuant to the terms and conditions set out in the Domestic Share Subscription Agreement entered into between the Company and the Subscriber. The terms and conditions of the Domestic Share Subscription and the transaction contemplated thereunder are as follows:

(1) Type of new Domestic Shares to be issued

The shares to be issued are unlisted domestic ordinary shares, denominated in RMB, the nominal value of which is RMB1.00.

(2) Price of new Domestic Shares to be issued

- (i) The Initial Subscription Price is denominated in Hong Kong dollars, being HK\$4.56 per new Domestic Share.
- (ii) The Final Subscription Price is to be determined with reference to the Closing Price. In the event that the Closing Price is higher than the Initial Subscription Price, the Final Subscription Price shall be the same as the Closing Price subject to a maximum price of HK\$4.79 per new Domestic Share, being the Initial Subscription Price plus a premium of 5%. In the event that the Closing Price is not higher than the Initial Subscription Price, the Final Subscription Price shall be the same as the Initial Subscription Price.

(3) Number of new Domestic Shares to be issued and total amount to be raised from the Domestic Share Subscription

The Subscriber has agreed to subscribe in cash for new Domestic Shares at a total subscription price of approximately RMB1.27 billion. The number of new Domestic Shares to be subscribed is to be calculated by dividing RMB1.27 billion, after being exchanged into Hong Kong dollars based on the agreed exchange rate, by the Final Subscription Price and rounded down to the nearest thousand. The exact total subscription price is to be calculated by multiplying the number of new Domestic Shares to be subscribed by the Final Subscription Price.

For the purpose of calculating the number of new Domestic Shares to be subscribed and the exact total subscription price, exchange of Renminbi into Hong Kong dollars is to be calculated on the basis of the average middle exchange rates between Renminbi and Hong Kong dollars published by the People's Bank of China on the Reference Date and the four trading days immediately preceding.

2. THAT:

the proposed amendments to the Articles of the Company set out below be and are hereby confirmed and approved, including:

(1) Renewal of Unified Social Credit Code

Before amendment:

Article 3 The Company was established through sponsorship on 29 September 1994 pursuant to the approval document Ti Gai Sheng No. [1994] 109 issued by the State Commission for Restructuring the Economic System, and was registered with and obtained its business license from Harbin Administration for Industry and Commerce on 6 October 1994. The business license number of the Company is: 230100100004252.

After amendment:

Article 3 The Company was established through sponsorship on 29 September 1994 pursuant to the approval document Ti Gai Sheng No. [1994] 109 issued by the State Commission for Restructuring the Economic System, and was registered with and obtained its business license from Harbin Administration for Industry and Commerce on 6 October 1994. The unified social credit code of the Company is: 91230100127575573H.

(2) Additional requirements for construction work of the Communist Party of China

(i) Addition in “Chapter 1 General”:

Article 7 In accordance with the relevant provisions under the Constitution of the Communist Party of China, the Company established the Communist Party Committee of Harbin Electric Company Limited (the “**Party Committee**”). The Party Committee shall perform the core leading and political functions, provide the directions, manage the situation and ensure the implementation. Meanwhile, the Company shall set up a working agency for the Party, allocate sufficient personnel to handle Party affairs and guarantee working funds for the Party Committee.

The numbers of Article 7 and items thereafter in the existing Articles shall be adjusted accordingly.

(ii) Addition in “Chapter 12 the Board”:

Article 87 Prior to making decisions on material issues of the Company, the Board shall first hear the opinions of the Party Committee.

The numbers of Article 86 and items thereafter in the existing Articles shall be adjusted accordingly.

(iii) Addition of a Chapter “Party Committee”:

Chapter 14 Party Committee

Article 111 The Company shall set up the Party Committee, which shall consist of 1 secretary, 1 deputy secretary in charge of party construction works and several members of the Party Committee (standing committee). The Chairman and the party secretary shall be held by the same person in principle. At the same time, the Company shall establish the Commission for Discipline Inspection of the Communist Party of Harbin Electric Company Limited (the “**Discipline Committee**”).

Article 112 The Company shall adhere to and improve the leadership mechanism for cross appointment. Eligible Party members are allowed to serve as members of the Board, board of supervisors and management through legal procedures. The eligible Party Committee members in the Board, board of supervisors and management are allowed to join the Party Committee in accordance with relevant provisions and procedures.

Article 113

The Party Committee shall discharge its duties in accordance with the provisions under the Constitution of the Communist Party of China.

- (I) To guarantee and supervise the implementation of policies and guidelines of the Party and the state in the Company, implement material strategic decisions of the Party Central Committee and the State Council and make deployment for the relevant material works of the superior Party organisation.
- (II) To insist on the combination of the principles of management of cadres by the Party and the selection of operation managers by the Board according to laws and execution of the right of employment by the operation managers. The Party Committee shall consider and propose opinions and suggestions on the candidates as nominated by the Board or president, or nominate candidates to the Board or president, and, together with the Board, conduct investigation on the candidates to be appointed and collective research to raise opinions and suggestions.
- (III) To study and discuss reform, development and stability, material operation and management issues and other material issues involving staff's immediate interests of the Company, and propose opinions and suggestions thereon.
- (IV) To shoulder the main responsibility for the overall strictness in administering the party, lead the Company in terms of ideological and political work, united front work, spiritual civilization construction, enterprise cultural construction and the work of labour union, the Communist Youth League and other groups, and lead the construction of the Party conduct and of an honest and clean government and support the Discipline Committee in practical performance of oversight responsibility.
- (V) Other responsibilities that shall be performed by the Party Committee.

The numbers of “Chapter 14 President” and chapters and items thereafter in the existing Articles shall be adjusted accordingly.

(3) Registered capital and shareholding structure

The Board has agreed that Articles 15 and 16 shall be renumbered as Articles 16 and 17 and shall be revised in accordance with the actual circumstances of the Domestic Share Subscription.

The amendments set out below are based on the assumption that the Final Subscription Price is the same as the Initial Subscription Price and 330,668,000 new Domestic Shares are issued. In the event that the Final Subscription Price is higher than the Initial Subscription Price, the number of Shares and the amount of the registered capital in the relevant articles set out below will be adjusted accordingly to reflect the number of new Domestic Shares that have actually been issued and the amount of the registered capital that has actually been increased.

Before amendment:

Article 15

Upon the approval of the companies supervisory department authorized by the State Council, the total number of ordinary shares which has been issued by the Company is 1,376,806,000 shares, the nominal value of each share being RMB1.00, of which:

- (I) when the company was founded, 720,000,000 domestic shares were issued to the promoter; in the share-increasing process in December 2005, after the promoter reduced the holding of 8,530,000 domestic shares, the quantity held by it was left with 711,470,000 domestic shares, accounting for 55.83% of the total quantity of shares of the company; in the issue-increasing process in March 2007, after the promoter reduced the holding of 10,235,000 domestic shares, the quantity held by it was left with 701,235,000 domestic shares, accounting for 50.93% of the total quantity of shares of the company.

- (II) after the company was founded, it issued 469,151,000 overseas listed foreign shares. In December 2005, it increased 93,830,000 overseas listed foreign shares, the total quantity of foreign shares reached 562,981,000 shares, accounting for 44.17% of the total quantity of shares of the company; in March 2007, it increased 102,355,000 overseas listed foreign shares, the total quantity of foreign shares reached 675,571,000 shares, accounting for 49.07% of the total quantity of shares of the company.

The structure of the share capital of the Company is 1,376,806,000 ordinary shares of which the promoter holds 701,235,000 domestic shares and oversea listed foreign shareholders hold 675,571,000 overseas listed foreign shares.

Article 16

The registered capital of the Company is RMB1,376,806,000. The Company may, based on its business development requirement, increase its capital in accordance with the relevant provisions of these Articles. The following methods may be adopted for an increase in capital:

- (I) by offering new shares to unspecified investors;
- (II) by placing new shares to existing shareholders;
- (III) by bonus issue of shares to existing shareholders;
or
- (IV) by any other method permitted by PRC laws and administrative regulations.

After amendment:

Article 16

Upon the approval of the companies supervisory department authorized by the State Council, the total number of ordinary shares which has been issued by the Company is 1,707,474,000 shares, the nominal value of each share being RMB1.00, of which:

- (I) when the company was founded, 720,000,000 domestic shares were issued to the promoter; in the share-increasing process in December 2005, after the promoter reduced the holding of 8,530,000 domestic shares, the quantity held by it was left with 711,470,000 domestic shares, accounting for 55.83% of the total quantity of shares of the company; in the issue-increasing process in March 2007, after the promoter reduced the holding of 10,235,000 domestic shares, the quantity held by it was left with 701,235,000 domestic shares, accounting for 50.93% of the total quantity of shares of the company; in the share-increasing process in 2017, after the promoter increased the holding of 330,668,000 domestic shares, the quantity held by it was increased to 1,031,903,000 domestic shares, accounting for 60.43% of the total quantity of shares of the company.
- (II) after the company was founded, it issued 469,151,000 overseas listed foreign shares. In December 2005, it increased 93,830,000 overseas listed foreign shares, the total quantity of foreign shares reached 562,981,000 shares, accounting for 44.17% of the total quantity of shares of the company; in March 2007, the company increased 102,355,000 overseas listed foreign shares, the total quantity of foreign shares reached 675,571,000 shares, accounting for 49.07% of the total quantity of shares of the company.

The structure of the share capital of the Company is 1,707,474,000 ordinary shares of which the promoter holds 1,031,903,000 domestic shares and overseas listed foreign shareholders hold 675,571,000 overseas listed foreign shares.

Article 17

The registered capital of the Company is RMB1,707,474,000. The Company may, based on its business development requirement, increase its capital in accordance with the relevant provisions of these Articles. The following methods may be adopted for an increase in capital:

- (I) by offering new shares to unspecified investors;
- (II) by placing new shares to existing shareholders;
- (III) by bonus issue of shares to existing shareholders;
or
- (IV) by any other method permitted by PRC laws and administrative regulations.

3. THAT:

in order to complete the issue of new Domestic Shares and the proposed amendments to the Articles efficiently and orderly, in accordance with the requirements of relevant laws and the Articles, the Board be and is hereby confirmed, approved and authorized to, and/or unless otherwise decided by the Board, any two of the Directors be and are hereby confirmed, approved and authorized to, handle all matters in relation to the issue of new Domestic Shares and the proposed amendments to the Articles, including but not limited to:

- (i) to formulate and implement a specific proposal on the issue of new Domestic Shares in accordance with the specific circumstances, including but not limited to the timing of issuance and issuance period;
- (ii) to conduct all work in relation to the issue of new Domestic Shares and the proposed amendments to the Articles on behalf of the Company and to make, prepare, amend, sign, deliver and perform all agreements, announcements, circulars and other documents in relation to the issue of new Domestic Shares and make disclosures as appropriate;
- (iii) to select and appoint qualified professional institutions, including but not limited to financial advisers, legal advisers and any institutions involved in the issue of new Domestic Shares;

- (iv) to handle the proposed amendments to the Articles, capital verification formalities and change of business registration in respect of the changes in the share capital structure and registered capital of the Company in accordance with the actual situation after completion of the issue of new Domestic Shares (including but not limited to adjusting and completing relevant articles of the Articles with the exact number of the share capital structure, registered capital of the Company and the issue time);
- (v) to handle the relevant share registration after completion of the issue of new Domestic Shares; and
- (vi) to take all necessary actions as permitted under relevant laws to determine and handle all other specific matters in relation to the issue of new Domestic Shares.

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

Harbin, PRC, 16 October 2017

Notes:

(1) VOTING ARRANGEMENTS

The Subscriber will or will be required to abstain from voting on the resolutions to be proposed for approving the proposed Domestic Share Subscription and the Specific Mandate at the EGM.

(2) REGISTRATION PROCEDURES FOR THE EGM

- i. Shareholders of the Company shall note that pursuant to Article 44 of the Articles, the share register of the Company will be closed during the period from Wednesday, 1 November 2017 to Friday, 1 December 2017, both days inclusive, during which period no transfer of shares will be registered. In order to qualify to attend and vote at the EGM, all transfer documents, together with the relevant share certificates, should be lodged to the Company's H share share registrar, Hong Kong Registrars Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for holders of H shares), or to the Company's principal place of business in the PRC (for holders of Domestic shares), no later than 4:30 p.m. on Tuesday, 31 October 2017. Shareholders whose names appear on the register of shareholders of the Company on Tuesday, 31 October 2017 shall be entitled to attend the EGM to vote thereat.
- ii. Shareholders who intend to attend the EGM are required to return the reply slip to the Company on or before Saturday, 11 November 2017. Please refer to the reply slip and the instruction thereon for details.

(3) PROXY

- i. Any Shareholders entitled to attend and to vote at the EGM shall be entitled to appoint a proxy who need not be a Shareholder, to attend and to vote on his or her behalf. A member who is the holder of two or more shares may appoint more than one proxy.
- ii. To be valid, the proxy forms for the use of Shareholders and, if such proxy is signed by a person on behalf of the appointer pursuant to a power of attorney or other authority, a notarised copy of that power of attorney or other authority must be delivered to the Company not less than 24 hours before the time scheduled for holding the EGM or its adjourned meetings of the Company.
- iii. Holders of domestic shares shall deliver the proxy form and, if such proxy is signed by a person on behalf of his appointer pursuant to a power of attorney or other authority, a notarially certified copy of the power of attorney or other authority and the reply slip to the Company's principal place of business in the PRC.
- iv. Holders of H Shares shall deliver the proxy form and, if such proxy is signed by a person on behalf of his appointer pursuant to a power of attorney or other authority, a notarially certified copy of the power of attorney or other authority and the reply slip to the Company's H share share registrar, Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- v. Completion and return of the proxy form and the reply slip will not affect the right of the shareholders of the Company to attend and to vote at the EGM in person. In such event, the form of proxy will be deemed to have been revoked.
- vi. Shareholders or their proxies shall produce their identification documents (and form of proxy in case of proxies) when attending the EGM.

(4) MISCELLANEOUS

The EGM is expected to last for 20 minutes. Shareholders and their proxies attending the EGM shall be responsible for the transportation and accommodation expenses on their own.

As at the date of this notice, the executive Directors of the Company are Mr. Si Ze-fu, Mr. Wu Wei-zhang, Mr. Zhang Ying-jian and Mr. Song Shi-qi; and the independent non-executive Directors of the Company are Mr. Liu Deng-qing, Mr. Yu Wen-xing, Mr. Hu Jian-min and Mr. Zhu Hong-jie.