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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)**

## **PROFIT WARNING**

This announcement is made by Harbin Electric Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) (the “**Inside Information Provisions**”) under Part XIVA of the Securities and Futures Ordinance (Cap. 571, the Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and/or potential investors that, based on the preliminary assessment of the information currently available to the Company’s finance department (including but not limited to the unaudited management accounts of the Group for the year ended 31 December 2018 (“**FY2018**”)), the revenue of the Group for FY2018 recorded a year-on-year decrease because most of the international engineering projects of the Group were at their initial or final phases in 2018. At the same time, due to a reduction in the production volume of power generating equipment in 2018, the revenue of the Group decreased, resulting in a decrease in gross profit. As such, the net profit of the Group attributable to the owners of the parent company in 2018 is expected to record a significant decrease as compared to that in 2017.

The Company is still in the process of finalising the consolidated financial results of the Group for FY2018. The information contained in this announcement is only based on the preliminary assessment of the information currently available to the Company’s finance department, and such information has not yet been audited by the

auditors or reviewed by the audit committee of the Company. For details of the Group's annual financial results for FY2018, please refer to the annual results announcement of the Company for FY2018, which is expected to be published in March 2019.

Reference is made to the announcement (the "**Rule 3.5 Announcement**") dated 24 December 2018 jointly issued by Harbin Electric Corporation Co., Ltd. (as the offeror) and the Company in relation to, among other things, the H Share Offer, the Merger and the Delisting (as defined in the Rule 3.5 Announcement).

The profit warning included in this announcement (the "**Profit Warning**") constitutes a profit forecast under Rule 10 of The Code on Takeovers and Mergers (the "**Takeovers Code**") issued by the Securities and Futures Commission of Hong Kong and as it is made during an offer period, it should be reported on by the Company's financial adviser and auditors or accountants in accordance with Rule 10.4 of the Takeovers Code. In view of the requirements of timely disclosures of inside information under Rule 13.09 of the Listing Rules and the Inside Information Provisions, the Company is required to issue this announcement as soon as practicable and given the time constraints, the Company has encountered genuine practical difficulties (time-wise or otherwise) in meeting the reporting requirements set out in Rule 10.4 of the Takeovers Code.

Under Rule 10.4 of the Takeovers Code, if the Profit Warning is published first in an announcement, it must be repeated in full, together with the reports from the Company's financial advisers and auditors or accountants on the Profit Warning, in the next document to be sent to the Shareholders (the "**Shareholders' Document**"). However, if the annual results for FY2018, which fall within the ambit of Rule 10.9 of the Takeovers Code, have been published by the time of release of the next Shareholders' Document and the relevant results together with the notes to the financial statements have been included in the next Shareholders' Document, the requirements to report on the Profit Warning under Rule 10.4 of the Takeovers Code will no longer apply. It is expected that the annual results announcement for FY2018 of the Company will be published prior to the despatch of the Composite Document (as defined in the Rule 3.5 Announcement) (i.e. published prior to the despatch of the next Shareholders' Document). Application may be made to the Executive (as defined in the Rule 3.5 Announcement) to further extend the deadline for the despatch of the Composite Document, if necessary.

**WARNING:**

**Shareholders and/or potential investors of the Company should be aware that the Profit Warning has not been reported on in accordance with the requirements under Rule 10 of the Takeovers Code and does not meet the standard required by Rule 10 of the Takeovers Code. Accordingly, Shareholders and/or potential investors of the Company should exercise caution in placing reliance on the Profit Warning in assessing the merits and demerits of the H Share Offer, the Merger and the Delisting (as defined in the Rule 3.5 Announcement). Shareholders and/or potential investors of the Company should therefore exercise caution when dealing in the securities of the Company (including the H Shares and any options or rights in respect of them). Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.**

By Order of the Board  
**Harbin Electric Company Limited**  
**Ai Li-song**  
*Company Secretary*

Harbin, PRC  
25 January 2019

*As at the date of this announcement, 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. Zhu Hong-jie, Mr. Yu Wen-xing, Mr. Hu Jian-min and Mr. Tian Min.*

*The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*