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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)*

## **GRANT OF THE SHARE APPRECIATION RIGHTS**

This announcement is made by Harbin Electric Company Limited (the “**C**ompany”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**L**isting **R**ules”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the announcement of the Company dated 30 November 2020 and the circular of the Company dated 11 January 2021 (the “**C**ircular”) in relation to the proposed adoption of the Company’s H Shares Share Appreciation Rights incentive plan (first phase) (the “**P**lan”) and the grant scheme of the Plan (the “**G**rant **S**cheme”) and the announcement of the Company dated 29 January 2021 in relation to the poll results of the EGM. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Circular.

The resolution on the grant of the Share Appreciation Rights under the Plan was considered and approved by the Board on 29 January 2021.

The Board hereby announces that as the Plan and the Grant Scheme have been approved by the SASAC and the EGM and the grant conditions under the Plan and the Grant Scheme have been satisfied, the Company decided to grant Share Appreciation Rights on 29 January 2021 (the “**D**ate of **G**rant”). As some Participants are no longer part of the Grant Scheme due to reasons such as realignment of work duties, the number of the Participants was revised from 294 to 281 (including Mr. Ai Li-song, the company secretary of the Company) and the total number of Share Appreciation Rights granted was revised from 50,940,000 to 48,320,000.

The details of the Grant Scheme are summarised as follows:

Total number of H Shares of the Company	675,571,000
Total number of Share Appreciation Rights granted under the Grant	48,320,000
Percentage of the number of the underlying shares corresponding to the Share Appreciation Rights granted under the Grant Scheme to the total number of shares in issue	2.83%

Participant	Number of Shares	Number of Shares (in 10,000 shares)	Number of Shares (in 10,000 shares)	Share Appreciation Rights	
				Number of Shares	Percentage
Senior management personnel (Mr. Ai Li-song, the company secretary of the Company)	1	25	25	0.52%	0.01%
Core management personnel (persons in charge of the departments of the headquarter and the direct subordinate units)	45	21.44	965	19.97%	0.57%
Persons in charge of the subsidiaries of the Company	56	22.70	1,271.00	26.30%	0.74%
Core technology and management personnel	141	15.00	2,115.00	43.77%	1.24%
Skilled leaders	38	12.00	456.00	9.44%	0.27%
<b>Total</b>	<b>281</b>	<b>17.20</b>	<b>4,832.00</b>	<b>100.00%</b>	<b>2.83%</b>

No Participants actually hold shares or have any rights that Shareholders have, such as voting right, allotment and dividend right. Participants shall not, without approval, dispose of Share Appreciation Rights, including but not limited to by way of transfer, sale, exchange, mortgage, guarantee, and repayment of debts etc. Participants shall refrain from any act that may damage the interests of the Company, including gross misconduct, major decision-making errors leading to material losses of the Company, and violations of the aforesaid restrictions on the disposal of Share Appreciation Rights; the Participants will not be entitled to Share Appreciation Rights and gains thereon in whole or in part upon the occurrence of such acts, and the gains on Share Appreciation Rights obtained on the exercise during this period shall be recoverable by the Company.

Pursuant to the Plan, each Share Appreciation Right is related to a H share, and Share Appreciation Rights will be settled in cash, and thus there will be no influence on the total number of issued shares or dilution effect on shares. Since the Plan does not involve the grant of options in relation to new shares or other new securities of the Company or any of its subsidiaries, it is not subject to requirements of Chapter 17 of the Listing Rules.

The exercise price of Share Appreciation Rights granted under the Plan is the highest of the following three prices: (1) HK\$2.180, being the closing price of the H Shares of the Company as stated in the daily quotation sheet of the Stock Exchange on the Grant Date (i.e. 29 January 2021); (2) the average closing price of HK\$2.226 of the H Shares of the Company as stated in the daily quotation sheet of the Stock Exchange for five consecutive trading days immediately prior to the Grant Date; and (3) the nominal value of the H shares of the Company, that is RMB1.00.

By order of the Board  
**Ha E . . C a L**  
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*Company Secretary*

Harbin, the PRC  
29 January 2021

*As at the date of this announcement, the executive directors of the Company are Mr. Si Ze-fu, Mr. Wu Wei-zhang, and Mr. Sun Zhi-yong; and the independent non-executive directors of the Company are Mr. He Yu, Mr. Hu Jian-min, Mr. Chen Guo-qing and Mr. Tang Zhi-hong.*