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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)

**CONTINUING CONNECTED TRANSACTIONS -  
ENTERING INTO THE PRODUCTS AND SERVICES FRAMEWORK  
AGREEMENT WITH ENGINEERING RESEARCH CENTRE**

**ENTERING INTO THE PRODUCTS AND SERVICES FRAMEWORK  
AGREEMENT WITH ENGINEERING RESEARCH CENTRE**

The Company entered into the Products and Services Framework Agreement with Engineering Research Centre on 22 September 2023, pursuant to which the Company and Engineering Research Centre agreed to provide products and services to each other by the Company and its subsidiaries and Engineering Research Centre at fair and reasonable market prices and on normal commercial terms within the term of this agreement in accordance with the terms and conditions set out in the Products and Services Framework Agreement. In particular, in each year during the term of this agreement, the cap for the provision of products and services by the Company and its subsidiaries to Engineering Research Centre amounts to RMB150,000,000 (equivalent to approximately HK\$163,040,000); the cap for the provision of products and services by Engineering Research Centre to the Company and its subsidiaries amounts to RMB150,000,000 (equivalent to approximately HK\$163,040,000).

**IMPLICATIONS UNDER THE LISTING RULES**

Engineering Research Centre is a subsidiary of the Company and as Harbin Electric Corporation, the controlling shareholder of the Company, holds 25% of equity in Engineering Research Centre, Engineering Research Centre is therefore a connected subsidiary of the Company under Chapter 14A of the Listing Rules. As such, the transactions contemplated under the Products and Services Framework Agreement constitute continuing connected transactions of the Company.

As the transactions contemplated under the Products and Services Framework Agreement will be conducted at fair and reasonable market prices and on normal commercial terms, and the applicable percentage ratios in respect of the annual cap of the each transaction as calculated in accordance with the Listing Rules are less than 5%, the Company is subject to comply with the reporting, announcement and annual review requirements in respect of the Products and Services Framework Agreement, but is exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **INTRODUCTION**

The Board hereby announces that, the Company entered into the Products and Services Framework Agreement with Engineering Research Centre on 22 September 2023, pursuant to which the Company and Engineering Research Centre agreed to provide products and services to each other by the Company and its subsidiaries and Engineering Research Centre at fair and reasonable market prices and on normal commercial terms within the term of this agreement in accordance with the terms and conditions set out in the Products and Services Framework Agreement. In particular, in each year during the term of this agreement, the cap for the provision of products and services by the Company and its subsidiaries to Engineering Research Centre amounts to RMB150,000,000 (equivalent to approximately HK\$163,040,000); the cap for the provision of products and services by Engineering Research Centre to the Company and its subsidiaries amounts to RMB150,000,000 (equivalent to approximately HK\$163,040,000).

## **PRODUCTS AND SERVICES FRAMEWORK AGREEMENT**

The principal terms and conditions of the Products and Services Framework Agreement are as follows:

### **1. Date**

22 September 2023

### **2. Parties**

- (1) The Company; and
- (2) Engineering Research Centre.

### **3. Term of the Agreement**

A valid term commencing from 22 September 2023 and ending on 31 December 2025.

#### **4. Subject Matter of the Agreement**

The cross-provision of products and services will be conducted at fair and reasonable market prices and on normal commercial terms between the Company and its subsidiaries and Engineering Research Centre within the term of this agreement, including:

- i) the provision of products and services by the Company and its subsidiaries to Engineering Research Centre, including product research and development, processing and manufacturing, commissioning and operation of main equipment and systems in the fields of thermal power, nuclear power, gas power, energy storage, intelligent operation and maintenance, new energy, energy conservation and environmental protection; and
- ii) the provision of products and services by Engineering Research Centre to the Company and its subsidiaries, including design and development, process development, technical consultation, project assembly and performance testing in the fields of thermal power, nuclear power, gas power, energy storage, intelligent operation and maintenance, new energy, energy conservation and environmental protection.

#### **5. Pricing Policy**

The fees payable for the transactions contemplated under the Products and Services Framework Agreement will be determined with reference to the applicable statutory price or, failing which, the market price for the relevant products and services. The market price for the relevant products and services under the Products and Services Framework Agreement will be determined with reference to the prices of similar products and services provided to independent third parties.

The terms and conditions for the mutual provision of products and services between the Company and its subsidiaries and Engineering Research Centre shall be no less favourable than terms and conditions for the mutual provision of similar products and services to any independent third party. In the event that in the future, either the Company or Engineering Research Centre believes that the fees requested by the other party for the provision of products and services in respect of a specific project are higher than the fees for the provision of products and services to an independent third party, the parties will negotiate to ensure that the fees collected under the Products and Services Framework Agreement are not higher than the fees for the provision of products and services to an independent third party.

The payment arrangement for the mutual provision of products and services between the Company and its subsidiaries and Engineering Research Centre shall be determined with reference to the nature of the relevant products and services and specific agreements signed under normal business practices.

## 6. Annual Caps

The proposed annual caps of each transaction contemplated under the Products and Services Framework Agreement are set out below:

No.	Item	For the period from 22 September 2023 to 31 December 2023	For the period from 1 January 2024 to 31 December 2024	For the period from 1 January 2025 to 31 December 2025
1	Provision of products and services by the Company and its subsidiaries to Engineering Research Centre	RMB150,000,000	RMB150,000,000	RMB150,000,000
2	Provision of products and services by Engineering Research Centre to the Company and its subsidiaries	RMB150,000,000	RMB150,000,000	RMB150,000,000

The provision of products and services by the Company and its subsidiaries to Engineering Research Centre is a new transaction contemplated between the two parties and there are no historical transaction amounts available for reference. Therefore, the relevant annual cap is determined based on the Company's transformation and development and the needs of the research and development platform construction of Engineering Research Centre. During the term of this agreement, the Company and its subsidiaries are expected to provide products and services to Engineering Research Centre with the amount of RMB130,000,000 per year, and taking into account the possibility of new projects, the relevant annual cap is fixed at RMB150,000,000.

The Company had previously procured technology development services from Engineering Research Centre pursuant to the Technological Development Framework Agreement for the period from 2020 to 2022, in particular, the annual transaction amounts were RMB50,570,000, RMB78,890,000 and RMB29,470,000 for the period from 2020 to 2022, respectively. Therefore, the annual cap of products and services to be provided by Engineering Research Centre to the Company and its subsidiaries under the Products and Services Framework Agreement has been increased on the basis of the provision of technology development services by Engineering Research Centre to the Company under the Technological Development Framework Agreement. The Company and its subsidiaries are expected to procure products and services from Engineering Research Centre with the amount of RMB130,000,000 per year in accordance with the needs of transformation and development and new technology research, and taking into account the possibility of new projects, the relevant annual cap is also fixed at RMB150,000,000.

## **INFORMATION ON THE PARTIES TO THE TRANSACTION**

The Company is one of the largest manufacturers of power-generating equipment in the PRC, and is principally engaged in the manufacturing of thermal power main equipment, hydropower main equipment, nuclear power main equipment, gas power equipment set and turnkey construction of power station projects, etc.

Harbin Electric Corporation is a controlling shareholder of the Company and is the pioneer in establishing the largest research and manufacturing base for power-generating equipment, marine engines, power-driven equipment and export base for complete set of equipment in the PRC.

Engineering Research Centre is a subsidiary of the Company, and is owned as to 75% and 25% by the Company and Harbin Electric Corporation, respectively. Engineering Research Centre, established under the support of the Company in January 2000, is the sole technology-oriented enterprise integrating scientific research, development of new products, and engineering and industrialised promotion and application of scientific research achievements in the PRC power-generating equipment manufacturing industry; and is principally engaged in research and development of engineering technology on complete set of power-generating equipment, systematic research and development of complete set of power-generating equipment, research and development of power generation, environmental protection, energy and automation control equipment and supporting products therefor, and provision of corresponding technology transfer, technical consultation and technological services.

#### **REASONS FOR AND BENEFITS OF ENTERING INTO THE PRODUCTS AND SERVICES FRAMEWORK AGREEMENT**

Engineering Research Centre is a technology-oriented enterprise under the Company. The entering into of the Products and Services Framework Agreement with Engineering Research Centre and the purchase of its advanced products and services will be conducive to the rapid development of the transformation industries of the Company and its subsidiaries, enhancing the technological R&D capabilities in industries such as thermal power, nuclear power, gas power, energy storage, intelligent operation and maintenance, new energy, energy conservation and environmental protection, and enhancing the core competitiveness of the enterprise; meanwhile, the purchase of the products and services of the Company and its subsidiaries by Engineering Research Centre can accelerate the transformation of the scientific and technological achievements of Engineering Research Centre, promote the development and expansion of the enterprise and further enhance the level of scientific and technological innovation and the scale of development of Engineering Research Centre.

The Directors (including independent non-executive Directors) are of the view that the transaction and its terms contemplated under the Products and Services Framework Agreement (including the annual caps) are fair and reasonable, entered into in the ordinary and usual course of business of the Company, on normal or better commercial terms, and in the interest of the Company and the Shareholders as a whole.

The executive Directors, being Mr. Cao Zhi-an, Mr. Huang Wei and Mr. Zhang Ying-jian, are also the directors and senior management of Harbin Electric Corporation, a major shareholder of the Engineering Research Centre, therefore all of them are deemed to have material interests in transactions contemplated under the Products and Services Framework Agreement and have abstained from voting on the relevant Board resolutions considering and approving the conclusion of the Products and Services Framework Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the Directors had a material interest in such transactions and was required to abstain from voting in respect of the relevant Board resolutions considering and approving the conclusion of the Products and Services Framework Agreement and related transactions according to the Listing Rules and/or the Articles of Association of the Company.

## **IMPLICATIONS UNDER THE LISTING RULES**

Engineering Research Centre is a subsidiary of the Company and as Harbin Electric Corporation, the controlling shareholder of the Company, holds 25% of equity in Engineering Research Centre, Engineering Research Centre is therefore a connected subsidiary of the Company under Chapter 14A of the Listing Rules. As such, the transactions contemplated under the Products and Services Framework Agreement constitute continuing connected transactions of the Company.

As the transactions contemplated under the Products and Services Framework Agreement will be conducted at fair and reasonable market prices and on normal commercial terms, and the applicable percentage ratios in respect of the annual cap of the each transaction as calculated in accordance with the Listing Rules are less than 5%, the Company is subject to comply with the reporting, announcement and annual review requirements in respect of the Products and Services Framework Agreement, but is exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.



## DEFINITIONS

Unless the context requires otherwise, the following terms used in this announcement shall have the following meanings:

“Board”	the board of directors of the Company;
“Company”	Harbin Electric Company Limited, a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1133);
“connected subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Products and Services Framework Agreement”	the products and services framework agreement entered into between the Company and Engineering Research Centre on 22 September 2023;
“products and services”	provision of products and services by the Company and its subsidiaries to Engineering Research Centre under the Products and Services Framework Agreement including product research and development, processing and manufacturing, commissioning and operation of main equipment and systems in the fields of thermal power, nuclear power, gas power, energy storage, intelligent operation and maintenance, new energy, energy conservation and environmental protection; provision of products and services by Engineering Research Centre to the Company and its subsidiaries, including design and development, process development, technical consultation, project assembly and performance testing in the fields of thermal power, nuclear power, gas power, energy storage, intelligent operation and maintenance, new energy, energy conservation and environmental protection;



“Technological Development Framework Agreement”	the technological development framework agreement entered into between the Company and Engineering Research Centre on 27 April 2020, which was terminated on 31 December 2022. For details, please refer to the announcement of Company dated 27 April 2020;
“Harbin Electric Corporation”	哈爾濱電氣集團有限公司(Harbin Electric Corporation*), a state-owned enterprise and the controlling shareholder of the Company;
“Engineering Research Centre”	哈電發電設備國家工程研究中心有限公司(Harbin Power Equipment National Engineering Research Centre Co., Ltd*), a limited liability company incorporated in the PRC and a subsidiary of the Company, which is held as to 75% and 25% by the Company and Harbin Electric Corporation, respectively;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended and modified from time to time;
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Share(s)”	the Domestic Share(s) and H Share(s);

“Shareholder(s)”	the holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“%”	per cent.

For the purposes of this announcement, unless the context otherwise requires, conversion of Renminbi into Hong Kong dollar is based on the approximate exchange rate of HK\$1 to RMB0.92. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in Hong Kong dollars or Renminbi have been, could have been or may be converted at such or any other rate or at all.

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

Harbin, the PRC  
22 September 2023

*As at the date of this announcement, the executive Directors of the Company are Mr. Cao Zhi-an, Mr. Huang Wei and Mr. Zhang Ying-jian; and the independent non-executive Directors of the Company are Mr. He Yu, Mr. Hu Jian-min, Mr. Tang Zhi-hong and Mr. Pan Qi-long.*

\* *For identification purposes only*