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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 – ANNOUNCEMENT IN RELATION TO THE RENEWAL OF THE NEW PRODUCTS AND SERVICES FRAMEWORK AGREEMENT WITH HE

RENEWAL OF THE NEW PRODUCTS AND SERVICES FRAMEWORK AGREEMENT WITH HE

Reference is made to the announcement issued by the Company on 20 December 2022 in relation to the Original Products and Services Framework Agreement entered into between the Company and HE.

The Board hereby announces that, as the Original Products and Services Framework Agreement will expire on 31 December 2025, the Company renewed the New Products and Services Framework Agreement on roughly the same terms with HE on 30 December 2025, pursuant to which the cross-provision of products and services will be conducted at fair and reasonable market prices and on normal commercial terms between the Group and the Unlisted HE Group within the Effective Term of the Agreement, including (1) the sale of products by the Group to the Unlisted HE Group; (2) the purchase of products by the Group from the Unlisted HE Group; (3) the provision of services by the Group to the Unlisted HE Group; and (4) the provision of services by the Unlisted HE Group to the Group. In particular, in each full year during the Effective Term of the Agreement, the cap for the sale of products by the Group to the Unlisted HE Group amounts to RMB100,000,000 (equivalent to approximately HK$110,561,987); the cap for the purchase of products by the Group from the Unlisted HE Group amounts to RMB500,000,000 (equivalent to approximately HK$552,809,933); the cap for the provision of services by the Group to the Unlisted HE Group amounts to RMB10,000,000 (equivalent to approximately HK$11,056,199); and the cap for the provision of services by the Unlisted HE Group to the Group amounts to RMB230,000,000 (equivalent to approximately HK$254,292,569).

LISTING RULES IMPLICATIONS

Since HE is the controlling shareholder of the Company, holding approximately 69.79% of the entire issued share capital of the Company as at the date of this announcement, it is a connected person of the Company pursuant to Chapter 14A of the Listing Rules. Therefore, the transactions contemplated under the New Products and Services Framework Agreement constitute continuing connected transactions of the Company.

Given that the transactions contemplated under the New 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 each transaction are less than 5%, the Company is subject to comply with the reporting, announcement and annual review requirements in respect of the New 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. In particular, the applicable percentage ratios in respect of the annual cap of the provision of services by the Group to the Unlisted HE Group are less than 0.1%, which should be fully exempt from reporting, announcement, annual review and independent shareholders' approval requirements.

INTRODUCTION

Reference is made to the announcement issued by the Company on 20 December 2022 in relation to the Original Products and Services Framework Agreement entered into between the Company and HE.

The Board hereby announces that, as the Original Products and Services Framework Agreement will expire on 31 December 2025, the Company renewed the New Products and Services Framework Agreement on roughly the same terms with HE on 30 December 2025, pursuant to which the cross-provision of products and services will be conducted at fair and reasonable market prices and on normal commercial terms between the Group and the Unlisted HE Group within the Effective Term of the Agreement, including (1) the sale of products by the Group to the Unlisted HE Group; (2) the purchase of products by the Group from the Unlisted HE Group; (3) the provision of services by the Group to the Unlisted HE Group; and (4) the provision of services by the Unlisted HE Group to the Group. In particular, in each full year during the Effective Term of the Agreement, the cap for the sale of products by the Group to the Unlisted HE Group amounts to RMB100,000,000 (equivalent to approximately HK$110,561,987); the cap for the purchase of products by the Group from the Unlisted HE Group amounts to RMB500,000,000 (equivalent to approximately HK$552,809,933); the cap for the provision of services by the Group to the Unlisted HE Group amounts to RMB10,000,000 (equivalent to approximately HK$11,056,199); and the cap for the provision of services by the Unlisted HE Group to the Group amounts to RMB230,000,000 (equivalent to approximately HK$254,292,569).

NEW PRODUCTS AND SERVICES FRAMEWORK AGREEMENT

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

1. Date

30 December 2025

2. Parties

(i) The Company; and

(ii) HE.

3. Effective Term of the Agreement

A valid term of three years commencing from 1 January 2026 and ending on 31 December 2028.

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 Group and the Unlisted HE Group, including:

(1) the sale of products by the Group to the Unlisted HE Group, including products design, raw materials, equipment and accessory parts, etc.;

(2) the purchase of products by the Group from the Unlisted HE Group, including products design, raw materials, equipment and accessory parts, etc.;

(3) the provision of services by the Group to the Unlisted HE Group, including training, testing and consultation, etc.; and

(4) the provision of services by the Unlisted HE Group to the Group, including ancillary social services, etc..

5. Pricing Policy

The fees payable for the transactions contemplated under the New Products and Services Framework Agreement will be determined with reference to the applicable statutory price or, failing which, the market price for the relevant service or product. The "market price" under the New Products and Services Framework Agreement will be determined with reference to the price of similar services or products provided by third parties in Harbin, or if no such prices are available for reference, a 5% markup over actual cost for the provision of such services or products will apply.

The terms and conditions for the cross-provision of products and services between the Group and the Unlisted HE Group will be no less favourable than those on which the terms and conditions of similar products or services are provided to any third parties (including its own employees). The Group and the Unlisted HE Group will give each other priority over any third parties in relation to the provision of products and services. If the Group or the Unlisted HE Group is able to secure the provision of any of the products or services contemplated under the New Products and Services Framework Agreement from a third party in the vicinity of Harbin on more favourable terms, it is entitled to terminate the relevant transaction to the other party by giving one month's prior written notice.

The payment arrangement for the mutual provision of products and services between the Group and the Unlisted HE Group is determined with reference to the nature of the relevant products and services and specific agreements signed under normal business practices.

6. Annual Caps

The annual caps in respect of the transactions contemplated under the New Products and Services Framework Agreement between the Group and the Unlisted HE Group are determined based on actual transaction amounts of each transaction under the Original Products and Services Framework Agreement, the business development need of the Group and the Unlisted HE Group, and the estimated demand of relevant products and services from the Group and the Unlisted HE Group within the Effective Term of the Agreement.

Previous Annual Caps and Actual Transaction Amounts

Annual caps and actual transaction amounts under the Original Products and Services Framework Agreement are set out below:

Transaction	Item	For the period from 1 January 2023 to 31 December 2023	For the period from 1 January 2024 to 31 December 2024	For the period from 1 January 2025 to 30 June 2025
Sale of products by the Group to the Unlisted HE Group	Transaction cap	RMB100,000,000	RMB100,000,000	RMB100,000,000
	Actual transaction amount	RMB14,466,000	RMB39,864,600	RMB3,122,300
Purchase of products by the Group from the Unlisted HE Group	Transaction cap	RMB230,000,000	RMB230,000,000	RMB230,000,000
	Actual transaction amount	RMB21,306,000	RMB156,430,400	RMB49,705,200
Provision of services by the Group to the Unlisted HE Group	Transaction cap	RMB4,000,000	RMB4,000,000	RMB4,000,000
	Actual transaction amount	RMB0	RMB3,094,300	RMB0
Provision of services by the Unlisted HE Group to the Group	Transaction cap	RMB230,000,000	RMB230,000,000	RMB230,000,000
	Actual transaction amount	RMB75,978,000	RMB76,575,200	RMB37,192,200

Estimated Transaction Amount

The annual caps of the transactions contemplated under the New Products and Services Framework Agreement are summarized as follows:

		Transaction caps		
No.	**Item**	**For the period from 1 January 2026 to 31 December 2026**	**For the period from 1 January 2027 to 31 December 2027**	**For the period from 1 January 2028 to 31 December 2028**
1	Sale of products by the Group to the Unlisted HE Group	RMB100,000,000	RMB100,000,000	RMB100,000,000
2	Purchase of products by the Group from the Unlisted HE Group	RMB500,000,000	RMB500,000,000	RMB500,000,000
3	Provision of services by the Group to the Unlisted HE Group	RMB10,000,000	RMB10,000,000	RMB10,000,000
4	Provision of services by the Unlisted HE Group to the Group	RMB230,000,000	RMB230,000,000	RMB230,000,000

During the Effective Term of the Agreement:

(1) The Unlisted HE Group is expected to purchase products of not exceeding RMB100,000,000 per year from the Group. The transaction amounts of the sale of products by the Group to the Unlisted HE Group is expected to remain unchanged compared to the past three years.

(2) The Group is expected to purchase products of not exceeding RMB500,000,000 per year from the Unlisted HE Group. The transaction amounts of the purchase of products by the Group from the Unlisted HE Group is expected to increase significantly compared to the past three years.

(3) The Unlisted HE Group is expected to purchase services of not exceeding RMB10,000,000 per year from the Group. The transaction amounts of the provision of services by the Group to the Unlisted HE Group is expected to increase significantly compared to the past three years.

(4) The Group is expected to purchase services of not exceeding RMB230,000,000 per year from the Unlisted HE Group. The transaction amounts of the provision of services by the Unlisted HE Group to the Group is expected to remain unchanged compared to the past three years.

The estimated transaction amounts for the purchase of products by the Group from the Unlisted HE Group and the provision of services by the Group to the Unlisted HE Group have increased significantly compared to the transaction amounts over the past three years, which was mainly due to the significant increase in the transaction amounts involved of the products and services provided by the Group and the Unlisted HE Group to each other to meet the expected daily production and operation needs of both parties during the Effective Term of the Agreement and to adapt to the changes in industrial development.

REASONS FOR AND BENEFITS OF THE RENEWAL OF THE NEW PRODUCTS AND SERVICES FRAMEWORK AGREEMENT

In light of the business growth of the Group, the Group requires certain product design, raw materials, equipment and accessory parts to sustain its business development. The Unlisted HE Group is able to guarantee the quality of product design, raw materials, equipment and accessory parts provided as well as provide high quality materials and reliable services at a reasonable price. The Group may also continue to gain profits by keep selling certain product design, raw materials, equipment and accessory parts to the Unlisted HE Group.

The Group has been providing services, such as training, testing and consultation to the Unlisted HE Group and receiving ancillary social services from the Unlisted HE Group at fair and reasonable market prices and on normal commercial terms. The continuation of the receipt and provision of services between the Group and the Unlisted HE Group is necessary for daily production and operation.

The Board (including the Independent Non-executive Directors) is of the view that the terms of the New Products and Services Framework Agreement are fair and reasonable and that the transactions contemplated under the New Products and Services Framework Agreement are in the ordinary course of business of the Company on normal commercial or more favourable terms and are in the interests of the Company and the shareholders of the Company as a whole.

None of the Directors has a material interest in the New Products and Services Framework Agreement and the transactions contemplated thereunder, or is required to abstain from voting on the Board resolution approving the New Products and Services Framework Agreement and the transactions contemplated thereunder.

INFORMATION OF THE PARTIES

The Group is among the largest manufacturers of power-generating equipment in the PRC, the principal activities include the manufacturing of thermal power main equipment, hydro power main equipment, nuclear power main equipment, gas power equipment set and turnkey construction of power station projects, etc..

HE is the 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, whose ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of the State Council.

LISTING RULES IMPLICATIONS

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Given that the transactions contemplated under the New 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 each transaction are less than 5%, the Company is subject to comply with the reporting, announcement and annual review requirements in respect of the New 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. In particular, the applicable percentage ratios in respect of the annual cap of the provision of services by the Group to the Unlisted HE Group are less than 0.1%, which should be fully exempt from reporting, announcement, annual review and independent shareholders' approval requirements.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

"Board"	the board of Directors of the Company;
"Company"	Harbin Electric Company Limited, a company incorporated in the PRC with limited liability, the H-shares of which are listed on the Stock Exchange (Stock Code: 1133);
"connected person(s)"	has the meaning ascribed to it under the Listing Rules;
"controlling shareholder"	has the meaning ascribed to it under the Listing Rules;
"Director(s)"	the director(s) of the Company;

"Effective Term of the Agreement"	the effective term of the New Products and Services Framework Agreement is commencing from 1 January 2026 and ending on 31 December 2028, for a term of three years;
"Group"	the Company and its subsidiaries;
"HE"	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;
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong Special Administrative Region of the PRC;
"Independent Non-executive Director(s)"	the independent non-executive director(s) of the Company;
"independent shareholder(s)"	has the meaning ascribed to it under the Listing Rules;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended and modified from time to time;
"New Products and Services Framework Agreement"	the products and services framework agreement dated 30 December 2025 entered into between the Company and HE;
"Original Products and Services Framework Agreement"	the products and services framework agreement dated 20 December 2022 entered into between the Company and HE and to be expired on 31 December 2025;
"percentage ratios"	the percentage ratios under Rule 14.07 of the Listing Rules, other than the profits ratio and equity capital ratio;
"PRC"	the People's Republic of China, excluding, for the purpose of this announcement only, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
"RMB"	Renminbi, the lawful currency of the PRC;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;

"Unlisted HE Group"	HE and its subsidiaries (other than the Group);
"%"	per cent.

In this announcement, amounts quoted in RMB have been converted into HK$ at the rate of HK$1.00 to RMB0.90447. Such exchange rate has been used for the purpose of illustration only and does not constitute a representation that any amounts have been or may be exchanged at this or any other rates.

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

Harbin, PRC
30 December 2025

As at the date of this announcement, the executive Directors of the Company are Mr. Huang Wei, Mr. Liu Qing-yong and Mr. Du Xing-kai; and the independent non-executive Directors of the Company are Mr. He Yu, Ms. Niu Xiang-chun, Mr. Gao Yi-bin and Mr. Li Xie-hua.