



# Contents

---

2023 INTERIM REPORT OF THE BOARD	<b>2</b>
REVIEW REPORT	<b>21</b>
CONSOLIDATION BALANCE SHEET	<b>22</b>
CONSOLIDATION INCOME STATEMENTS	<b>28</b>
CONSOLIDATION CASH FLOW STATEMENT	<b>33</b>
CONSOLIDATION STATEMENTS OF CHANGES IN EQUITY	<b>38</b>
NOTES TO THE FINANCIAL STATEMENTS	<b>40</b>
INFORMATION ON THE COMPANY	<b>84</b>

## 2023 INTERIM REPORT OF THE BOARD

The Board of Directors (the “Board”) of Harbin Electric Company Limited (the “Company”) hereby announces the operating results of the Company and its subsidiaries for the six months ended 30 June 2023, which were prepared in accordance with the Chinese Enterprises Accounting Standard. Such operating results have not been audited but have been reviewed by Da Hua Certified Public Accountants LLP.

Unless otherwise specified, the currency mentioned in this report was Renminbi.

## INDUSTRY DEVELOPMENT AND BUSINESS REVIEW

Since 2023, China has adhered to the general tone of seeking progress while maintaining stability with the synergy of macroeconomic policies, presenting a recovery and upward trend in economic operation. In terms of the power industry, the recovery and positive trend in national economy has boosted the growth rate of power consumption year on year, and accelerated the green and low-carbon transformation of energy. The “Blue Book of New Power System Development” released by National Energy Administration initially clarified the overall framework and key tasks of building a new type of power system to accelerate the construction of a new type of power system.

In the first half of 2023, China's installed power generation capacity reached 140 million kilowatts, representing a year-on-year increase of 71.86 million kilowatts, of which installed renewable energy power generation increased by 109 million kilowatts (hydropower, wind power, solar power and biomass power increased by 5.36 million kilowatts, 22.99 million kilowatts, 78.42 million kilowatts and 1.76 million kilowatts, respectively), accounting for 77% of the newly installed capacity in China. As of the end of June 2023, the total installed capacity of power generation on a consolidated basis in China was 2.71 billion kilowatts, of which conventional hydropower was 370 million kilowatts and pumped storage was 48.79 million kilowatts, nuclear power was 56.76 million kilowatts, grid-connected wind power was 390 million kilowatts, grid-connected solar power was 470 million kilowatts, coal power was 1.14 billion kilowatts, and steam power was 120 million kilowatts. The installed non-fossil energy power generation capacity reached 1.39 billion kilowatts, representing a year-on-year increase of 18.6%, accounting for 51.5% of the total installed capacity, up 3.4 percentage points year-on-year, continuing the trend of green and low-carbon transformation in power industry.

In the first half of 2023, with the joint efforts of all staff and closely focusing on the annual work arrangement, the Company made new progress and achieved new results in all aspects of its work in a comprehensive manner, with operating revenue and profit better than that of the same period last year, and the amount of formal contract signed increased significantly, maintaining a beneficial momentum in its operation and development, presenting a good trend of realizing the second step of the “Three-step”-“achieving results”.

## OPERATING RESULTS

For the six months ended 30 June 2023, the Company recorded an operating revenue of RMB13,570.86 million, representing an increase of 15.58% as compared with the same period last year. The Company recorded a net profit attributable to owners of the parent company of RMB84.89 million, representing an increase of 63.78% as compared with the same period last year. Earnings per share were RMB0.05, representing an increase of RMB0.02 as compared with the same period last year. The Company's total equity attributable to the owners of the parent company at the end of the period was RMB11,525.21 million, representing a decrease of RMB202.74 million over the beginning of the year; and net assets per share were RMB6.75, representing a decrease of RMB0.12 over the beginning of the year. The decrease in the Company's equity attributable to the owners during the current period was primarily due to fluctuations in the fair value of other equity instruments and floating loss on forward exchange settlement.

## NEW CONTRACTS

For the six months ended 30 June 2023, the amount of formal contracts signed of the Company realized RMB32.585 billion, representing a year-on-year increase of 109.45%, of which new-type power equipment amounted to RMB18.928 billion, representing a year-on-year increase of 187.79% (including RMB11.631 billion and a year-on-year increase of 437.97% for coal power equipment, RMB3.820 billion and a year-on-year increase of 78.67% for hydropower equipment, RMB2.548 billion and a year-on-year increase of 1,830.30% for nuclear power equipment, RMB399 million and a year-on-year decrease of 80.33% for steam power equipment); green and low carbon driven equipment amounted to RMB1.318 billion, representing a year-on-year increase of 56.72%; clean and efficient industrial system amounted to RMB3.530 billion, representing a year-on-year increase of 12.74%; EPC and trading amounted to RMB5.794 billion, representing a year-on-year increase of 118.64%; and modern manufacturing and service industry amounted to RMB3.016 billion, representing a year-on-year increase of 27.85%.

The value of export contracts by the Company amounted to RMB7.361 billion, representing an increase of 156.84% from the same period last year.

## PRODUCT OUTPUT

The capacity of the Company's power equipment produced during the six months ended 30 June 2023 was 12,830 MW, representing an increase of 49.9% as compared with the same period last year, and among which water turbine generators sets generated a total of 2,300 MW, representing an increase of 48.9% as compared with the same period last year; steam turbine generators generated a total of 10,530 MW, representing an increase of 50.1% as compared with the same period last year; utility boilers for power stations generated a total of 7,350 MW, representing an increase of 31.4% as compared with the same period last year, and steam turbines for power stations generated a total of 6,850 MW, representing an increase of 23.2% as compared with the same period last year.

## OPERATING REVENUE AND COST

For the six months ended 30 June 2023, the Company recorded an operating revenue of RMB13,570.86 million, representing a year-on-year increase of 15.58% as compared with the same period last year. In particular, new-type power equipment was RMB6,702.03 million, representing a year-on-year increase of 24.31% (including RMB4,057.59 million and a year-on-year increase of 25.43% for coal power equipment, RMB1,175.41 million and a year-on-year decrease of 26.40% for hydropower equipment, RMB1,277.40 million and a year-on-year increase of 236.63% for nuclear power equipment); green and low carbon driven equipment was RMB493.39 million, representing a year-on-year decrease of 27.10%; clean and efficient industrial system was RMB1,811.10 million, representing a year-on-year increase of 13.12%; EPC and trading was RMB2,936.44 million, representing a year-on-year increase of 9.75%; and modern manufacturing and service industry was RMB1,504.03 million, representing a year-on-year increase of 14.19%.

The Company recorded an export turnover of RMB2,451.16 million, accounting for 18.06% of the operating revenue. The exports were mainly to Asia, accounting for 15.08% of the operating revenue and 83.53% of the export turnover.

The operating cost of the Company was RMB12,116.65 million, representing an increase of 21.66% as compared with the same period last year, which was mainly attributable to the higher increase in cost than the increase in income as a result of the year-on-year increase in operating revenue during the current period and lower historical contract prices for some of the projects in progress.

## GROSS PROFIT AND GROSS PROFIT MARGIN

For the six months ended 30 June 2023, the Company realized a gross profit from operating business of RMB1,454.21 million, representing a decrease of 18.38% as compared with the same period last year. The gross profit margin was 10.72%, representing a decrease of 4.46 percentage points as compared with the same period last year. In particular, the gross profit from new-type power equipment was RMB512.30 million and the gross profit margin was 7.64%, representing a year-on-year decrease of 9.82 percentage points (including RMB490.49 million, 12.09% and a year-on-year decrease of 2.01 percentage points for coal power equipment, RMB104.06 million, 8.85% and a year-on-year decrease of 14.23 percentage points for hydropower equipment, RMB-45.17 million, -3.54% and a year-on-year decrease of 39.98 percentage points for nuclear power equipment); the gross profit from green and low carbon driven equipment was RMB69.56 million and the gross profit margin was 14.10%, representing a year-on-year decrease of 2.57 percentage points; the gross profit from clean and efficient industrial system was RMB62.39 million and the gross profit margin was 3.44%, representing a year-on-year increase of 4.45 percentage points; the gross profit from EPC and trading was RMB122.02 million and the gross profit margin was 4.16%, representing a year-on-year decrease of 2.86 percentage points; the gross profit from modern manufacturing and service industry was RMB681.90 million and the gross profit margin was 45.34%, representing a year-on-year decrease of 2.36 percentage points.

The slight decrease in the Company's gross profit margin was mainly due to the year-on-year decrease in gross profit margin as a result of the higher gross profit margins for certain key hydropower projects in the same period last year and lower contract prices for nuclear power projects in progress during the current period.



## EXPENSES FOR THE PERIOD

For the six months ended 30 June 2023, the Company incurred expenses for the current period of RMB1,337.27 million. In particular, distribution expenses incurred amounted to RMB267.46 million, representing an increase of RMB29.76 million as compared with the same period last year; administrative expenses incurred amounted to RMB627.75 million, representing an increase of RMB129.36 million as compared with the same period last year; R&D expenses incurred amounted to RMB350.76 million, representing an increase of RMB62.06 million as compared with the same period last year; financial costs incurred amounted to RMB91.30 million, representing an increase of RMB13.37 million as compared with the same period last year.

The significant increase in the Company's administrative expenses was mainly due to the significant increase in the Company's order volume, delivery volume, operating revenues and economic benefits resulting in a year-on-year increase in performance-based compensation for the year 2022 realized and repair and maintenance expenses during the period.

## ASSETS AND LIABILITIES

As at 30 June 2023, the total assets of the Company amounted to RMB69,331.38 million, representing an increase of RMB6,047.85 million or 9.56% over the beginning of the period, among which the current assets were RMB58,613.12 million, accounting for 84.54% of the total assets, and the non-current assets were RMB10,718.26 million, accounting for 14.46% of the total assets. The total liabilities of the Company amounted to RMB57,096.63 million, representing an increase of RMB6,186.96 million or 12.15% over the beginning of the period, which was mainly due to the increase in contract liabilities (advances from customers), among which the current liabilities were RMB52,940.99 million, accounting for 92.72% of the total liabilities, and the non-current liabilities were RMB4,155.64 million, accounting for 7.28% of the total liabilities. As at 30 June 2023, the gearing ratio of the Company was 82.35% as compared to 80.45% at the beginning of the period.

## CAPITAL AND GEARING RATIO

As at 30 June 2023, the gearing ratio of the Company (calculated as non-current liabilities over total shareholders' equity) was 0.36:1 as compared to 0.43:1 at the beginning of the period.

## MONETARY CAPITAL AND CASH FLOWS

As at 30 June 2023, the monetary capital of the Company was RMB18,394.61 million, representing an increase of RMB1,093.82 million or 6.32% as compared to the beginning of the period. During the period, the net cash flow generated from operating activities of the Company was RMB1,322.17 million, while investing activities generated net cash flow of RMB-318.89 million and financing activities generated net cash flow of RMB-38.85 million.

## FUNDING SOURCE AND BORROWING STATUS

The Company currently has four funding sources for operation and development, namely shareholder's funds, trade receivables from customers, bank borrowings and entrusted loan of national funds. The Company arranges borrowings based on each specific project. Except for some exceptions, loans will be raised individually by the Company's subsidiaries. However, prior approval from the parent company is required in respect of borrowings raised for capital investments. As at 30 June 2023, the Company's total borrowings amounted to RMB7,573.34 million, all of which amounts were borrowed from various financial institutions, such as commercial banks and state-funded entrusted loans, at LPR. Among those borrowings, the amount repayable within one year amounted to RMB5,835.93 million, representing an increase of RMB621.01 million as compared with the beginning of the year; the borrowings repayable after one year amounted to RMB1,737.41 million, representing a decrease of RMB654.49 million as compared to the beginning of the year. As at 30 June 2023, the Company's contracted liabilities were RMB21,551.46 million, representing an increase of RMB4,123.02 million from that at the beginning of the period.

## **MAJOR INVESTMENTS HELD, MAJOR ACQUISITION OR DISPOSAL OF SUBSIDIARIES AND THE FUTURE PLAN ON MAJOR INVESTMENTS OR PURCHASE OF CAPITAL ASSETS**

For the six months ended 30 June 2023, the Company had made fixed assets investments of RMB467.2804 million, which were mainly utilized for investment in technical measures and technical transformation for maintaining the normal production and operation of nuclear power infrastructure enhancement project, pumped storage capacity enhancement project (Phase I) and state-level power generation equipment research centre R&D base construction project and subsidiaries. There is no significant change in the 2023 investment plan of the Company.

Save as disclosed above, the Company did not have any other major investment, significant acquisition or disposal of subsidiaries, or approve any other major investment or plan on acquisition of capital assets during the period.

## **EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES**

The export business and the businesses settled in foreign currencies and all deposits denominated in foreign currencies of the Company are exposed to exchange risk. As at 30 June 2023, the Company's deposits denominated in foreign currencies were equivalent to approximately RMB656.82 million. To avoid the risk of exchange rate fluctuation in the foreign exchange market, the Company has signed contracts of Forward FX sales and purchase with banks for some future foreign currency receivables of overseas projects.

## APPLICATION OF RAISED FUNDS

As of 30 June 2023, the funds raised by the Company's domestic share subscription in 2017 (the "Funds") remained unused at RMB96 million. All the funds raised from the issuance of shares and bonds in the previous years had been fully used. During the reporting period, the Company had no raised funds.

The use of the Funds is as follows:

The planned use of the Funds	Planned use amount of the Funds <i>(RMB'00 million)</i>	The used amount of the Funds <i>(RMB'00 million)</i>	The balance of the Funds <i>(RMB'00 million)</i>	Planned use time
Gas turbine joint venture project	1.8	1.8	0	
Nuclear power technology upgrade project	4.86	3.9	0.96	before 31 December 2023
Purchase of raw materials for production and operation of nuclear power industry	3	3	0	
Purchase of raw materials for production and operation of gas turbine industry	1.47	1.47	0	
Implementation of financial leasing business	1.54	1.54	0	
<b>Total</b>	<b>12.67</b>	<b>11.71</b>	<b>0.96</b>	

## TAX POLICIES

According to the provisions of Administrative Measures with regard to the Recognition of High and New Technology Enterprises (《**高新技術企業認定管理辦法**》) jointly issued by the Ministry of Science and Technology, the Ministry of Finance and the State Administration of Taxation of the PRC on 14 April 2008 and the Administrative Guidance with regard to the Recognition of High and New Technology Enterprises (《**高新技術企業認定管理工作指引**》) jointly issued by the Ministry of Science and Technology, the Ministry of Finance and the State Administration of Taxation on 8 July 2008, corporations including the Company and five of its subsidiaries, namely Harbin Electrical Machinery Company Limited, Harbin Boiler Company Limited, Harbin Turbine Company Limited, Harbin Electric Power Equipment Company Limited and HE Harbin Power Plant Valve Company Limited were re-recognised as High and New Technology Enterprises, and shall continue to be entitled to a 15% preferential income tax rate.

Under the Opinions of Central Committee of the Communist Party of China and the State Council on the Comprehensive Revitalization of Historical Industrial Bases of the Northeast Regions (《**中共中央國務院關於全面振興東北地區等老工業基地的若干意見**》) in 2016, the Company will continue to enjoy the relevant favourable policies in supporting such revitalization for historical industrial bases of the northeast regions.

In accordance with regulations of the State Administration of Taxation, the rate for tax rebate applicable to the Company's new export products contracts is mainly 13% effective from 1 April 2019.

In accordance with the relevant requirements of the Announcement of the General Administration of Taxation of the Ministry of Finance on the Expansion of the Scope of the Policy on the Refund of Value Added Tax Credits (《**財政部稅務總局關於擴大全額退還增值稅留抵稅額政策行業範圍的公告**》) in 2022, the Company is entitled to a refund of the newly-added credits and a one-time refund of the existing tax credits.

## SCIENTIFIC AND TECHNOLOGICAL INNOVATION

In 2023, the Company has insisted on putting more emphasis on the innovation, strengthening industrial development and serving national strategies with new breakthroughs in science and technology innovation. By giving full play to the role of scientific and technological innovation as the first driving force, the Company has actively integrated into the national scientific and technological innovation system, profoundly participated in the construction of national-level innovation platforms; continuously increased the investment in scientific research, with an investment intensity of 4% in the first half of the year, continued to increase investment in key core technology research and development, infrastructure reengineering and digital transformation to fully enhance the capability of independent innovation. By paying close attention to the key core technology research and development and deeply carrying out the program of science and technology leadership initiative, the Company has systematically implemented 9 key core technology research and development project tasks, 4 innovation consortium research and development tasks, 16 major scientific and technological projects, striving to create an “effective weapon” of technological leadership in the fields of ultra-high-head large-capacity hydroelectric generating units and large-scale variable-speed pumped storage units; constantly increased external cooperation including the joint establishment of a green and low-carbon energy innovation institute with Harbin Institute of Technology, the inclusion of the Heilongjiang Carbon Neutral Industry Technology Innovation Alliance (黑龍江碳中和產業技術創新聯盟) and Digital Power Grid Technology and Equipment Modern Industry Chain Innovation Alliance (數字電網技術裝備現代產業鏈創新聯盟) and the establishment of six external innovation consortiums with Tsinghua University and Harbin Institute of Technology, promoting the in-depth integration of industry, academia and research, and assisting the Company’s scientific and technological innovation to develop at a high speed.

In the first half of 2023, the Company's "Innovative Platform for Research and Application of Key Technology of Digital Twin in the Power Generation Industry (發電行業數字孿生關鍵技術研究與應用創新平台)" was successfully approved by the National Energy Administration as one of the first batch of "Sai Ma Zheng Xian (賽馬爭先)" innovation platforms in the 14th Five-Year Plan, and the "Digital Transformation Facilitation Center for Power Generation Equipment Industry (發電裝備行業數字化轉型促進中心)" was successfully approved by the Ministry of Industry and Information Technology as a pilot demonstration of the Industrial Internet in 2022. The Company's self-developed "Hualong No. 1 (華龍一號)" nuclear power unit steam check valve research and development project has completed sample manufacturing and in-factory testing, and passed third-party witness tests and sample validation. The Company won the bid for the air turbine equipment for the 60MW/600MWh liquid compressed air storage demonstration project in Golmud, Qinghai, boasting the largest capacity in the world, the complete set of equipment for the compression-side and expansion-side heat exchange system for the world's first 300MW-class non-compensated compressed air energy storage power station in Yingcheng, Hubei, the 500MW impact hydroelectric unit in Zala, with the largest single-machine capacity in the world, the 400MW variable-speed pumped storage unit in Zhongdong, Huizhou, with the largest single-machine capacity in the world. The Company's new high-efficiency and flexible coal-fired power generating units, large-scale air-bedding gasification full heat recovery technology and key equipment were shortlisted in the third batch of the National Energy Administration's list of the first (sets) of major technological equipment in the energy field.

## EMPLOYEES, REMUNERATION, STOCK OPTION PLAN AND TRAINING

As at 30 June 2023, the Company has a total of 11,746 employees, and the total remuneration amounted to RMB777.94 million.

In order to incentivize key employees, the Company has implemented the share appreciation rights incentive plan.

In the first half of 2023, there was no significant change in the Company's remuneration policy.

In the first half of 2023, the Company organized 432 classes in total for training and trained 27,391 persons.

## INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2023.

## PROSPECTS

According to the forecast of China Electricity Council (CEC), driven by the rapid development of new energy, China's newly installed capacity in 2023 is expected to initially exceed 300 million kilowatts in history, among which, the newly installed non-fossil energy power generation capacity will exceed 230 million kilowatts. At the end of 2023, China's installed power generation capacity is expected to reach 2.86 billion kilowatts, representing a year-on-year increase of about 11.5%. The installed capacity of non-fossil energy generating power will total to 1.51 billion kilowatts, accounting for about 53% of the total installed capacity, representing a year-on-year increase of 3 percentage points. In particular, hydropower will be 420 million kilowatts, grid-connected wind power will be 430 million kilowatts, grid-connected solar power will be 530 million kilowatts, nuclear power will be 58.46 million kilowatts, biomass power generation will be about 45.00 million kilowatts. At the end of 2023, the total installed capacity of grid-connected wind power and solar power will reach 960 million kilowatts, accounting for one-third of the total installed capacity, representing a year-on-year increase of about 4 percentage points.



In the second half of 2023, the Company will unswervingly adhere to its annual business objectives, seize market opportunities, be fully committed to increasing its market share, expanding the scale of orders and improving the quality of contracts with utmost efforts, with further efforts to reduce trade receivables and inventories as well as the cost, effectively increasing the gross profit margin of its products and enhancing the efficiency and effectiveness of the Company. The Company will further strengthen its core competitiveness by means of earnestly putting the improvement of the operation about in-depth reform into effect, profoundly promoting the construction of world-class enterprises, improving the “four-in-one” risk management system of law, compliance, risk and internal control with the establishment of a lean management system as well as the improvement of the market-oriented operation and management mechanism. The Company will be dedicated to leading and advancing the high-end, intelligent and green development of the equipment manufacturing industry, give a greater weight to scientific and technological innovation, accelerate the promotion of national important scientific and technological projects and key core technology research and development, the digitalization of production, the intelligentization of equipment, and the informatization of management, establish and improve the green and low-carbon technology system, green manufacturing support system and green and intelligent manufacturing system and actively explore new fields and new tracks in terms of renewable energy, marine equipment, hydrogen energy, energy storage and comprehensive utilization to endeavor to provide the society with more safe and reliable, green and low-carbon, energy-saving and environmentally friendly products and services. The Company will accelerate the construction of a world-class equipment manufacturing enterprise with greater determination, greater responsibility and more practical measures, and strive to speed up high-quality development with better results in return for shareholders.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARE CAPITAL

As at 30 June 2023, the total number of share capital of the Company was 1,706,523,000 shares, of which included 1,030,952,000 state-owned legal person shares and 675,571,000 overseas H shares. The interests and short positions of shareholders holding 5% or more of the issued share capital of relevant class of share of the Company, which were required to be recorded under the register of interests and short positions kept by the Company pursuant to Section 336 of the Securities and Futures Ordinance (the "SFO"), are set out as follows:

Long positions in the shares of the Company:

Name of shareholders	Class of shares	Number of shares	Capacity	Percentage to underlying share capital	Percentage to total share capital
Harbin Electric Corporation	State-owned legal person shares	1,030,952,000	Beneficial owner	100%	60.41%

Save as disclosed above, as at 30 June 2023, the Company did not receive any notification about the interests or short positions in shares or underlying shares of the Company, which are required to be entered in the register pursuant to Section 336 of the SFO.

## DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S INTERESTS IN SHARE CAPITAL

As at 30 June 2023, none of the Directors, Supervisors and senior management of the Company and their associates had any interest and short position in the shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

## **COMPLIANCE WITH THE MODEL CODE**

As at 30 June 2023, the Company had adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules as its code of conduct for securities transactions by Directors. The Company, having made enquiry to the Directors, confirms that all Directors have complied with the provisions of the Model Code for Securities Transactions by Directors of Listed Issuers throughout the period.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

As at 30 June 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **CONTINGENT LIABILITIES**

As at 30 June 2023, the guarantees provided by the Company to its subsidiaries and the guarantees between subsidiaries of the Company amounted to RMB1,157.15 million in aggregate. There was no external guarantee of the Company.

## **PLEDGE OF ASSETS**

As at 30 June 2023, the Company pledged its assets of RMB88.79 million (as at 30 June 2022: RMB91.04 million) to secure loans for liquidity.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

For the accounting period ended 30 June 2023, the Company had been in compliance with the rules set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules, and, where appropriate, has adopted the recommended best practices as specified therein. Mr. Wu Wei-zhang has resigned from the position of the executive Director on 8 May 2023 due to attainment of the statutory retirement age. The number of the Board members has fallen below the quorum as required under the Articles of Association of the Company, and the Company appointed Mr. Huang Wei as the executive Director on 25 May 2023.

## THE AUDIT COMMITTEE

The Audit Committee of the Company has reviewed and approved the interim report of the Company for the six months ended 30 June 2023.

## AUDITORS

Dahua Certified Public Accountants LLP, the Company's auditor, has carried out a review of the unaudited interim report of the Company for the six months ended 30 June 2023 in accordance with the requirements of "China Certified Public Accountant Review Standard No. 2101 – Review of Financial Statement".

## SHAREHOLDERS' MEETING

On 12 April 2023, the extraordinary general meeting and the H shares class meeting of the Company were convened in Harbin, the PRC. On 25 May 2023, the annual general meeting, the H shares class meeting and the domestic shares class meeting of the Company were convened in Harbin, the PRC. The results of relevant meetings had been published on the websites of the Hong Kong Stock Exchange and the Company.

## OTHER DISCLOSEABLE INFORMATION

As at 30 June 2023, the Company did not have any information which was required to be disclosed pursuant to Rules 40.3(a) to (i) under Appendix 16 of the Listing Rules.

## DOCUMENTS AVAILABLE FOR INSPECTION

The Articles of Association of the Company and the original copies of the interim report and the reviewed financial statements for the six months ended 30 June 2023 are available for inspection at the head office of the Company at 1399 Chuangxinyi Road, Songbei District, Harbin, the PRC.

# REVIEW REPORT

D.H.H.Z[2023]0014372

## To the Shareholders of Harbin Electric Company Limited :

We have reviewed the accompanying financial statements of Harbin Electric Company Limited (Hereafter refer to as "HEC"), which comprise the consolidated balance sheet as of June 30, 2023, the consolidated income statement from January 1, 2023 to June 30, 2023, the consolidated cash flow statement, the consolidated statement of changes in owner's equity, and the notes to the financial statements. The preparation of these financial statements is the responsibility of managements of HEC. Our responsibility is to issue review report based on the implementation of review work.

We conducted our review in accordance with Chinese Certified Public Accountants reviewing Standards No. 2101. Those standards require that we plan and perform the review to obtain limited assurance whether the financial statements are free from material misstatements. The review is mainly limited to asking the relevant personnel of the company and implementing the analysis procedures for financial data, and the level of assurance provided is lower than the audit. We did not perform audit, and therefore do not express an audit opinion.

Based on our review, we did not notice any matter which causes us to believe that the financial statements are not prepared in accordance with International Accounting Standards, and fail to fairly reflect the financial situation, the results of operations and cash flow of the reviewed units in all material respects.

**Da Hua Certified Public Accountants  
(Special General Partnership)**

**China Certified Public Accountant :  
Wang lifie(Project partner)**

**China Certified Public Accountant :  
Fan xiaogang**

Beijing • China

25 August, 2023

## CONSOLIDATION BALANCE SHEET

For the six months ended on 30 June 2023

(Apart from special notes : the unit of amount is RMB)

Items	Notes	June 30, 2023	Dec 31, 2022
<b>Current assets :</b>			
Cash and bank		18,394,608,749.44	17,300,785,271.18
Settlement reserve			
Due from banks and other financial institutions			
Transactional financial assets		1,586,755.20	202,376,414.36
Financial assets at fair value through profit and loss			
Derivative assets			
Notes receivable		1,929,871,111.52	1,542,259,070.99
Accounts receivable	V(1)	8,545,146,921.93	7,445,375,580.96
Receivables for financing		31,313,924.59	2,145,369.50
Prepayments	V(II)	6,017,797,363.77	4,893,228,667.72
Premium receivable			
Reinsurance premium receivable			
Reinsurance reserve receivable			
Other receivables	V(III)	1,332,550,590.79	2,319,174,604.73
Including: dividends receivable			
Buying back the sale of financial assets		1,570,000,000.00	1,170,000,000.00
Inventories		11,379,965,214.32	9,404,890,448.68
Including: raw materials		3,552,805,558.54	2,696,392,291.07
Merchandise inventories(finished goods)		276,980,547.22	261,843,643.64
Contract assets		8,523,244,656.07	8,309,814,549.85
Held-for-sale assets			
Current portion of non-current assets		300,938,963.16	294,952,361.15
Other current assets	V(IV)	586,096,648.85	639,006,924.66
<b>Total current assets</b>		<b>58,613,120,899.64</b>	<b>53,524,009,263.78</b>

## CONSOLIDATION BALANCE SHEET (CONTINUED)

For the six months ended on 30 June 2023  
(Apart from special notes : the unit of amount is RMB)

Items	Notes	June 30, 2023	Dec 31, 2022
<b>Non-current assets :</b>			
Loans and advances issued			
Debt investments		194,647,200.00	
Available-for-sale financial assets			
Other debt investments			
Held-to-maturity investments			
Long-term receivables		504,276,573.36	398,961,054.90
Long-term equity investments		430,263,094.37	377,317,390.52
Other equity instruments investments		724,043,945.01	845,123,706.24
Other non-current financial assets			
Investment property	V(V)	168,653,549.99	172,730,282.18
Fixed assets	V(V)	5,806,743,235.58	5,984,855,681.05
Including: Original value of fixed assets		16,073,738,668.00	16,029,713,555.55
Accumulated depreciation		10,219,703,176.94	9,994,028,936.15
Fixed assets depreciation reserves		47,414,895.49	51,042,555.23
Construction in progress productive biological assets		309,743,297.55	209,898,568.77
Oil and gas assets			
The right-of-use assets		2,916,142.96	
Intangible assets	V(V)	984,663,543.59	889,960,351.63
Development disbursements		103,105,302.87	100,344,344.80
Goodwill		34,516,403.61	23,919,751.92
Long-term deferred expenses		2,936,721.09	2,274,060.63
Deferred tax assets		752,398,498.67	723,805,905.84
Other non-current assets		699,350,439.54	30,330,169.80
Including: authorised reserve material			
<b>Total non-current assets</b>		<b>10,718,257,367.70</b>	<b>9,759,521,268.28</b>
<b>Total assets</b>		<b>69,331,378,267.34</b>	<b>63,283,530,532.06</b>



## CONSOLIDATION BALANCE SHEET (CONTINUED)

For the six months ended on 30 June 2023

(Apart from special notes : the unit of amount is RMB)

Items	Notes	June 30, 2023	Dec 31, 2022
<b>Current liabilities :</b>			
Short-term borrowings	V( VI )	4,895,002,991.77	4,812,857,850.77
Borrowings from central bank			
Placement from banks and other financial institutions			
Transactional financial liabilities			
Financial liabilities at fair value through profit and loss			
Derivative liabilities			
Notes payable		7,156,311,026.42	7,048,462,096.55
Accounts payable	V( VII )	16,627,450,896.38	13,796,665,716.93
Advances from customers		3,884,205.90	1,422,059.69
Contract liabilities		21,551,456,959.87	17,428,435,136.82
Securities sold under agreement to repurchase			
Deposits and placements from other financial institutions		413,172,898.47	639,643,187.93
Securities brokering			
Securities underwriting			
Employee benefits payable		426,673,930.92	574,937,056.92
Including: salary payable		117,049,204.15	224,166,512.70
Welfare benefits payable		11,676,605.56	
#Employee bonus and welfare fund			
Taxes and surcharges payable		454,455,428.51	656,162,164.88
Including: taxes payable excluding surcharges		296,518,899.99	641,262,128.67
Other payables		450,382,979.60	462,738,498.12
Including: dividends payable		2,817,286.30	3,482,983.73

## CONSOLIDATION BALANCE SHEET (CONTINUED)

For the six months ended on 30 June 2023  
(Apart from special notes : the unit of amount is RMB)

Items	Notes	June 30, 2023	Dec 31, 2022
Fees and commissions payable			
Reinsurance amounts payable			
Held-for-sale liabilities			
Current portion of non-current liabilities	V( VIII )	940,927,480.32	402,060,308.88
Other current liabilities		21,273,635.74	35,452,401.56
<b>Total current liabilities</b>		<b>52,940,992,433.90</b>	<b>45,858,836,479.05</b>
<b>Non-current liabilities :</b>		--	--
Reserve of insurance contract			
Long-term borrowings		1,737,409,537.24	2,391,903,973.83
Bonds payable including : preferred stocks perpetual debts			
Lease liabilities		2,946,437.71	88,421,052.65
Long-term payable		71,803,222.19	22,101,896.71
Long-term employee benefits payable		340,805,730.03	345,492,088.56
Provisions		1,558,534,484.88	1,949,943,875.77
Deferred income		232,223,541.04	236,321,218.22
Deferred tax liabilities		17,178,884.10	10,224,586.23
Other non-current liabilities Including: authorized reserve fund		194,737,242.55	6,423,408.10
<b>Total non-current liabilities</b>		<b>4,155,639,079.74</b>	<b>5,050,832,100.07</b>

## CONSOLIDATION BALANCE SHEET (CONTINUED)

For the six months ended on 30 June 2023

(Apart from special notes : the unit of amount is RMB)

Items	Notes	June 30, 2023	Dec 31, 2022
<b>Total liabilities</b>		<b>57,096,631,513.64</b>	50,909,668,579.12
<b>Equity :</b>		--	--
Paid-in capital	V(IX)	1,706,523,000.00	1,706,523,000.00
State-owned capital			
State-owned legal person's capital		1,030,952,000.00	1,030,952,000.00
Collectively owned capital			
Private capital			
Foreign capital		675,571,000.00	675,571,000.00
#Less: payback capital			
Paid-in capital (share capital)-net value		1,706,523,000.00	1,706,523,000.00
Other equity instruments			
Including: Preferred stock			
Perpetual debt			
Capital reserve		4,338,736,992.12	4,338,736,992.12
Less: treasury shares			
Other comprehensive income		-245,666,599.31	49,765,047.57
Including: Currency translation reserve		-5,873,257.48	-2,714,672.67
Specialized reserve		53,281,654.36	45,479,801.06
Surplus reserve		888,849,702.10	888,849,702.10
Including: statutory surplus reserve		888,849,702.10	888,849,702.10
Other surplus reserve			
#Reserve fund			
#Corporate development fund			
#Return of investment			
General risk reserve			
Retained earnings		4,783,485,263.76	4,698,595,292.71

## CONSOLIDATION BALANCE SHEET (CONTINUED)

For the six months ended on 30 June 2023  
(Apart from special notes : the unit of amount is RMB)

Items	Notes	June 30, 2023	Dec 31, 2022
Equity attributable to parent company		11,525,210,013.03	11,727,949,835.56
*Minority interests		709,536,740.67	645,912,117.38
<b>Total owner's equity</b>		<b>12,234,746,753.70</b>	<b>12,373,861,952.94</b>
<b>Total liabilities and owner's equity</b>		<b>69,331,378,267.34</b>	<b>63,283,530,532.06</b>

Corporate representative:

Chief Accountant:

Accounting Supervisor:

# CONSOLIDATION INCOME STATEMENTS

For the six months ended on 30 June 2023

(Apart from special notes : the unit of amount is RMB)

Items	Notes	January to June in 2023	January to June in 2022
<b>1. Revenue</b>		<b>13,763,822,101.53</b>	11,872,287,698.97
Including: operating revenue	V(X)	13,570,864,838.58	11,741,498,025.57
Interest income		192,957,262.95	130,789,673.40
Premium earned			
Fees and commissions income			
<b>2. Total cost</b>		<b>13,535,960,537.64</b>	11,137,510,943.50
Including: operating cost		12,116,654,139.57	9,959,710,022.62
Interest expenses		3,204,427.14	4,286,691.94
Fees and commissions expenses		46,177.91	34,250.11
Cash surrender amount			
Net expenses of claim settlement			
Net provisions for insurance reserves			
Policy dividend expenses			
Reinsurance expenses			
Taxes and surcharges		78,784,600.20	70,756,708.15
Selling expenses		267,460,253.16	237,704,179.43
Administrative expenses	V(XI)	627,753,050.19	498,397,855.04
Research and development expenses		350,755,734.82	288,693,577.35

## CONSOLIDATION INCOME STATEMENTS (CONTINUED)

For the six months ended on 30 June 2023  
(Apart from special notes : the unit of amount is RMB)

Items	Notes	January to June in 2023	January to June in 2022
Financial expenses		91,302,154.65	77,927,658.86
Including: interest expenses		120,303,704.46	109,876,299.14
Interest income		8,095,881.87	7,314,239.59
Net exchange loss ("-" for net proceeds)		-48,440,643.75	-35,074,876.53
Other costs and expenses			
Add: Other income		60,068,677.92	29,915,359.46
Investment income ("-" for loss)		9,404,350.59	12,185,623.66
Including: investment income from associates and joint ventures		4,012,231.44	3,381,116.96
Income from derecognition of financial assets at amortised cost			
Gain on foreign exchange ("-" for loss)		7,305.15	16,293.31
Net exposure hedging returns ("-" for losses)			
Gain from fair-value changes ("-" for loss)			
Credit losses ("-" for loss)	V(XII)	29,824,106.66	-521,747,927.36
Impairment on assets ("-" for loss)	V(XIII)	-222,034,440.89	-152,216,384.39
Proceeds from asset disposal ("-" for loss)		215,411.63	301,592.65

## CONSOLIDATION INCOME STATEMENTS (CONTINUED)

For the six months ended on 30 June 2023

(Apart from special notes : the unit of amount is RMB)

Items	Notes	January to June in 2023	January to June in 2022
<b>3. Operating profits ("-" for loss)</b>		<b>105,346,974.95</b>	103,231,312.80
Add:non-operating income		74,503,689.18	25,355,852.87
Including: Government grants		5,194.39	423,634.53
Less:non-operating expenses		7,035,126.99	4,162,828.16
<b>4. Profit before tax ("-" for loss)</b>		<b>172,815,537.14</b>	124,424,337.51
Less:income tax		68,415,130.06	62,826,775.03
<b>5. Net profit ("-" for net loss)</b>		<b>104,400,407.08</b>	61,597,562.48
(1) By ownership			
Net profit attributable to parent company		84,889,971.05	51,835,303.42
*Profit/loss attributable to minority share-holders		19,510,436.03	9,762,259.06
(2) By going concern basis			
Continuous operating profit and loss		104,400,407.08	61,597,562.48
Termination of the business profit and loss			
<b>6. Other comprehensive income after tax</b>		<b>-295,431,646.88</b>	17,248,383.30
Other comprehensive income after tax attributable to parent company		-295,431,646.88	17,248,383.30
(1) Comprehensive income not to be reclassified as profit or loss		-134,357,761.23	13,345,453.65
1. Remeasure the change in net liabilities or net assets of defined beneficiary plans			
2. Shares in other comprehensive income that the investee cannot reclassify into profit or loss under the equity method			

## CONSOLIDATION INCOME STATEMENTS (CONTINUED)

For the six months ended on 30 June 2023  
(Apart from special notes : the unit of amount is RMB)

Items	Notes	January to June in 2023	January to June in 2022
3. Net gain on equity instruments at fair value through other comprehensive income		-134,357,761.23	13,345,453.65
4. Fair value changes in enterprise's own credit risk			
5. Others			
(2) Other comprehensive income to be reclassified as profit or loss		-161,073,885.65	3,902,929.65
1. Share of other comprehensive income of an associate			
2. Net gain on debt instruments at fair value through other comprehensive income			
3. Gain or loss from fair value changes of available-for-sale financial assets			
4. The amount of financial assets reclassified into other comprehensive income			
5. Gain or loss from reclassification of held-to-maturity investments as available-for-sale financial assets			
6. Other debt investment credit impairment provision			
7. Cash flow hedging reserve		-157,915,300.84	130,139.84
8. Currency translation reserve		-3,158,584.81	3,772,789.81
9. Other profit or loss to be reclassified			



## CONSOLIDATION INCOME STATEMENTS (CONTINUED)

For the six months ended on 30 June 2023

(Apart from special notes : the unit of amount is RMB)

Items	Notes	January to June in 2023	January to June in 2022
*Other comprehensive income after tax attributable to minority share-holders			
<b>7. Total comprehensive income</b>		<b>-191,031,239.80</b>	78,845,945.78
Total comprehensive income attributable to parent company		-210,541,675.83	69,083,686.72
*Total consolidated income attributable to minority share-holders		19,510,436.03	9,762,259.06
<b>8. Earnings per share:</b>			
Basic earnings per share	V(XVII)	0.050	0.030
Diluted earnings per share		0.050	0.030

Corporate representative:

Chief Accountant:

Accounting Supervisor:

# CONSOLIDATION CASH FLOW STATEMENT

For the six months ended on 30 June 2023

(Apart from special notes : the unit of amount is RMB)

Items	Notes	January to June in 2023	January to June in 2022
<b>1. Cash flows from operating activities:</b>		-	-
Cash received from sales and services		17,460,424,872.49	11,698,804,483.53
Net increase in deposits and placements from financial institutions		-226,470,289.46	20,804,715.81
Net increase in due to central banks			20,410,263.58
Net increase in placement from financial institutions		-	
Cash received from premiums of original insurance contracts		-	
Net amount of reinsurance business		-	
Net increase in insured's deposits and investments		-	
Net increase in disposal of financial assets at fair value through profit and loss		-	
Cash received from interests, fees and commissions		143,464,367.52	130,789,673.40
Net increase of placement from banks and other financial institutions			200,000,000.00
Net increase in repurchasing		-400,000,000.00	1,184,000,000.00
Net cash received from agent sales of securities			
Taxes and surcharges refunds		63,556,039.23	412,026,020.90
Other cash receipts related to operating activities		605,554,205.26	682,647,411.56
<b>Total cash inflows from operating activities</b>		<b>17,646,529,195.04</b>	<b>14,349,482,568.78</b>

## CONSOLIDATION CASH FLOW STATEMENT (CONTINUED)

For the six months ended on 30 June 2023

(Apart from special notes : the unit of amount is RMB)

Items	Notes	January to June in 2023	January to June in 2022
Cash paid for goods and services		13,338,955,050.96	10,883,485,237.11
Net increase in loans and advances		-377,781,081.22	171,755,513.33
Net increase in deposits with central banks and other financial institutions		66,385,578.28	1,354,626.71
Cash paid for claim settlements on original insurance contracts			
Net increase of due from banks and other financial institutions		-	-260,000,000.00
Cash paid for interest, fees and commissions		2,281,487.46	1,168,021.61
Cash paid for policy dividends		-	
Cash paid to and for employees		1,302,683,475.43	1,211,065,636.61
Taxes and surcharges cash payments		780,663,854.53	607,107,750.25
Other cash payments related to operating activities		1,211,166,192.14	908,186,712.03
<b>Total cash outflows from operating activities</b>		<b>16,324,354,557.58</b>	<b>13,524,123,497.65</b>
<b>Net cash flows from operating activities</b>		<b>1,322,174,637.46</b>	<b>825,359,071.13</b>

## CONSOLIDATION CASH FLOW STATEMENT (CONTINUED)

For the six months ended on 30 June 2023  
(Apart from special notes : the unit of amount is RMB)

Items	Notes	January to June in 2023	January to June in 2022
<b>2. Cash flows from investing activities:</b>		-	-
Cash received from withdraw of investments		585,669,693.39	
Cash received from investment income		2,349,267.69	292,649.85
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		2,970,905.76	1,307.00
Net cash received from disposal of subsidiaries and other business units		-	
Other cash receipts related to investing activities		3,853,540.97	8,165,561.97
<b>Total cash inflows from investing activities</b>		<b>594,843,407.81</b>	<b>8,459,518.82</b>
Cash paid for fixed assets, intangible assets and other long-term assets		425,654,336.40	202,334,500.10
Cash payments for investments		400,407,200.00	93,821,500.00
Net increase in pledged loans		-	
Net cash paid for acquiring subsidiaries and other business units		87,673,612.00	
Other cash payments related to investing activities		-	
<b>Total cash outflows from investing activities"</b>		<b>913,735,148.40</b>	<b>296,156,000.10</b>
<b>Net cash flows from investing activities</b>		<b>-318,891,740.59</b>	<b>-287,696,481.28</b>

## CONSOLIDATION CASH FLOW STATEMENT (CONTINUED)

For the six months ended on 30 June 2023

(Apart from special notes : the unit of amount is RMB)

Items	Notes	January to June in 2023	January to June in 2022
<b>3. Cash flows from financing activities:</b>		-	-
Cash received from investments by others		14,666,520.00	4,888,840.00
Including: cash received by subsidiaries from minority shareholders' investments		-	
Cash received from borrowings		1,130,464,608.16	2,338,475,962.75
Other cash receipts related to other financing activities		-	
<b>Total cash inflows from financing activities</b>		<b>1,145,131,128.16</b>	<b>2,343,364,802.75</b>
Cash repayments for debts		1,057,424,723.53	1,470,221,670.22
Cash payments for distribution of dividends, profit and interest expenses		117,917,596.69	211,358,202.23
Including: dividends or profit paid by subsidiaries to minority shareholders		3,230,729.26	
Other cash payments related to financing activities		8,638,419.31	8,250,277.36
<b>Total cash outflows from financing activities</b>		<b>1,183,980,739.53</b>	<b>1,689,830,149.81</b>
<b>Net cash flows from financing activities</b>		<b>-38,849,611.37</b>	<b>653,534,652.94</b>

## CONSOLIDATION CASH FLOW STATEMENT (CONTINUED)

For the six months ended on 30 June 2023  
(Apart from special notes : the unit of amount is RMB)

Items	Notes	January to June in 2023	January to June in 2022
4. Effect of foreign exchange rate changes on cash and cash equivalents		12,228,747.81	11,578,038.67
5. Net increase in cash and cash equivalents		976,662,033.31	1,202,775,281.46
Add: beginning balance of cash and cash equivalents		16,291,936,468.18	12,620,970,173.01
6. Ending balance of cash and cash equivalents		17,268,598,501.49	13,823,745,454.47

Corporate representative:

Chief Accountant:

Accounting Supervisor:

# CONSOLIDATION STATEMENTS OF CHANGES IN EQUITY

For the six months ended on 30 June 2023

(Apart from special notes : the unit of amount is RMB)

Items	Current period												
	Equity attributable to parent company										Total owners' equity		
	Paid-in capital	Prefixed stock	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Specialized reserve	Surplus reserve	General risk provision		Retained earnings	Subtotal
1. <b>Ending balance of last year</b>	1,706,533,000.00	-	-	-	4,339,738,992.12	49,765,047.57	45,719,001.06	888,849,702.10	4,469,395,292.71	11,727,449,835.56	665,912,117.38	1,273,381,954.94	-
Add: increase/decrease due to changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase/decrease due to corrections of errors in Prior Period	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-
2. <b>Beginning balance of current year</b>	1,706,533,000.00	-	-	-	4,339,738,992.12	49,765,047.57	45,719,001.06	888,849,702.10	4,469,395,292.71	11,727,449,835.56	665,912,117.38	1,273,381,954.94	-
3. <b>Increase/decrease to current year** for decrease</b>													
(1) Total comprehensive income						-295,431,646.88	7,801,663.30		84,890,551.54	-202,789,242.04	63,624,632.29	-139,114,618.75	
(2) Owners' contributions and withdrawals of capital						-295,431,646.88			84,890,551.54	-210,541,095.34	19,510,666.03	-191,009,658.31	
1. Common stock contributed by owners													
2. Capital contributed by other equity instruments holders													
3. Share-based payment recorded in owners' equity													
4. Others													
(3) Accrual and utilization of specialized reserve							7,801,663.30						44,039,507.85
1. Accrual of specialized reserve							7,801,663.30						44,039,507.85
2. Utilization of specialized reserve													
(4) Profits distribution							17,160,966.07						1,305,408.67
1. Appropriation of surplus reserve including statutory surplus reserve													
2. Discretionary surplus reserve													
3. Reserve fund													
4. Corporate development fund													
5. Return of investment													
6. Accrual of general risk reserve													
7. Distribution to owners/shareholder													
8. Others													
(5) Transfer with owners' equity													
1. Capital reserve transferred to paid-in capital													
2. Surplus reserve transferred to paid-in capital													
3. Recover of loss by surplus reserve													
4. Defined benefit plan changes carried forward to retained earnings													
5. Other comprehensive income carried forward to retained earnings													
6. Others													
4. <b>Ending balance of current year</b>	1,706,533,000.00	-	-	-	4,339,738,992.12	-245,666,599.31	53,281,664.36	888,849,702.10	4,783,485,844.25	11,535,210,935.52	709,536,740.67	1,224,747,314.19	-3,230,772.26

Accounting Supervisor:

Chief Accountant :

Corporate representative :

# CONSOLIDATION STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

For the six months ended on 30 June 2023

(Apart from special notes : the unit of amount is RMB)

Items	Equity attributable to parent company										Total owners' equity	
	Prior period											
	Paid-in capital	Preferred stock	Other equity instruments	Capital reserve	Less: treasury shares	Other comprehensive income	Specialized reserve	Surplus reserve	General risk provision	Related earnings		Subtotal
<b>1. Ending balance of last year</b>	1,706,533,000.00	-	-	4,338,736,492.12	-	-8,891,799.96	43,527,286.71	80,917,649.47	4,679,669,917.68	11,530,684,158.02	625,991,779.56	12,194,685,971.58
Additional increase due to changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-
Increase/decrease due to corrections of errors in Prior Period	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-
<b>2. Beginning balance of current year</b>	1,706,533,000.00	-	-	4,338,736,492.12	-	-8,891,799.96	43,527,286.71	80,917,649.47	4,679,669,917.68	11,530,684,158.02	625,991,779.56	12,194,685,971.58
<b>3. Increase/decrease to current year* for decrease</b>												
(1) Total comprehensive income												
(2) Contributions and withdrawals of owners												
1. Common stock contributed by owners				-4,694,960.00		17,248,335.30	5,536,855.83		55,835,303.42	73,924,912.55	34,674,957.16	108,599,763.81
2. Capital contributed by other equity instruments holders				-4,694,960.00		17,248,335.30			51,633,303.42	69,063,866.72	9,762,259.06	78,467,453.18
3. Share-based payment recorded in owners' equity									4,000,000.00	-694,960.00	30,468,469.29	29,773,509.29
4. Others												
(3) Accrual and utilization of specialized reserve												
1. Accrual of specialized reserve												
2. Utilization of specialized reserve												
(4) Provision of surplus reserve												
1. Provision of surplus reserve including statutory surplus reserve												
2. Discretionary surplus reserve												
3. Reserve fund												
4. Corporate development fund												
5. Return of investment												
6. Accrual of general risk reserve												
7. Distribution to owners/shareholder												
8. Others												
(5) Transfer within owners' equity												
1. Capital reserve transferred to Special Reserve												
2. Special Reserve transferred to Capital Reserve												
3. Return of less than surplus reserve												
4. Defined benefit plan changes carried forward to related earnings												
5. Other Comprehensive income carried forward to related earnings												
6. Others												
<b>4. Ending balance of current year</b>	1,706,533,000.00	-	-	4,334,042,032.12	-	8,348,833.34	49,063,884.54	80,917,649.47	4,755,335,221.10	11,942,619,070.57	660,666,630.92	12,203,236,701.39

Accounting Supervisor:

Chief Accountant :

Corporate representative :



# NOTES TO THE FINANCIAL STATEMENTS

*For the six months ended on 30 June 2023*

*(Unless otherwise stated, all amounts are denominated in CNY)*

## **I. INFORMATION ABOUT THE COMPANY**

### (I) Company Profile

Harbin Electric Company Limited (the “Company”) was initially and was formed through the restructuring of Harbin Electric Corporation (“HE Corporation”) and its three affiliates: Harbin Electrical Machinery Works, Harbin Boiler Works and Harbin Turbine Works (the “three major power factories”). The Company was established in Harbin on October 6, 1994. The reconstruction and listing of its shares in Hong Kong with limited liabilities has been approved by the State Commission for Restructuring the Economic Systems on November 5, 1994.

The parent company of the company is Harbin Electric Corporation.

The Company is engaged in manufacturing of power generator and generator units, its principal businesses are production and sales of power generator and turn-key construction of power station projects.

For the six months ended on 30 June 2023  
(Unless otherwise stated, all amounts are denominated in CNY)

## I. INFORMATION ABOUT THE COMPANY (CONTINUED)

### (II) Scope of Consolidated Financial Statements

As of June 30, 2023 the company scope of consolidated financial statements had the company are as follows:

Name of subsidiaries
Harbin Steam Turbine Factory Co., Ltd.
Harbin Electric Power Technology & Trade Co., Ltd.
Harbin Electric International Engineering Co., Ltd.
Harbin Electric Factory Co., Ltd.
Harbin Electric Power Generation Equipment National Engineering Research Center Co., Ltd.
Harbin Power Station Valve Co., Ltd. of Harbin Electric Group
Harbin Boiler Factory Co., Ltd.
Harbin Electric Power Equipment Co., Ltd.
Harbin Electric Group (Qinhuangdao) Heavy Equipment Co., Ltd.
Harbin Electric Group Finance Co., Ltd.
Harbin Harbin Electric Co., Ltd.
Harbin Electric Group Shanxi Environmental Engineering Co., Ltd.
Chengdu Sanliya Technology Co., Ltd.
Harbin Electric Leasing (Tianjin) Co., Ltd.
Harbin Electric Group Biomass Power Generation (Wangkui) Co., Ltd.
Harbin Electric Group Biomass Power Generation (Dehui) Co., Ltd.
Harbin Electric Finance Leasing (Tianjin) Co., Ltd.
Harbin Electric Science and Technology Co., Ltd.
Harbin electric materials Co., LTD

Compared with the previous period, the number of subjects included in the consolidated financial statements in this period increased by 0 and decreased by 0.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*For the six months ended on 30 June 2023*

*(Unless otherwise stated, all amounts are denominated in CNY)*

### II. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

#### (I) Basis of preparation

Based on going concern and actual transactions and events, the Company prepared financial statements in accordance with the basic and specific standards of the Accounting Standards for Business Enterprises, the Application Guidance for Accounting Standard for Business Enterprises, interpretations of the Accounting Standards for Business Enterprises and other relevant regulations issued by the Ministry of Finance (hereinafter collectively referred to as "CAS"), and the disclosure requirements in the Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No.15 – General Provisions on Financial Reporting issued by the China Securities Regulatory Commission, and Hong Kong Stock Exchange's Rules Governing the Listing of Securities and the Hong Kong Companies Ordinance.

#### (II) Going concern

The company has continuous operation capability for at least 12 months from the end of the reporting period, and has no major issues affecting its ability to continue to operate. Therefore, the financial statements are prepared on the basis of the going concern assumption.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8ad fZ We fj \_ a` fZe W VVW a` %" <g` W\$" \$%  
/G` Mée afZ Wd [eWe fSFWI S^S\_ ag` fe Sd VVW a\_ [ SFW [ 5@Kfi

### III. DESCRIPTION OF IMPORTANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

- (I) Statement of compliance with corporate accounting standards

The Company have formulated certain specific accounting policies and accounting estimates in accordance with the production and operation characteristics, which are mainly reflected in the valuation method of inventory, the method of calculating and calculating the expected credit loss of receivables, the depreciation of fixed assets and the amortization of intangible assets, the timing of revenue recognition, etc.

- (II) Statement of compliance with corporate accounting standards

The financial statements prepared by the company are following the requirements of the Accounting Standards for Business Enterprises, and truly and completely reflect the financial status, operating results, cash flow and other relevant information of the company and its subsidiaries.

- (III) Accounting period

The accounting period of the Company is from 1 January to 31 December of each calendar year.

- (IV) Reporting currency

The reporting currency of the Company is Renminbi ("CNY").

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*For the six months ended on 30 June 2023*

*(Unless otherwise stated, all amounts are denominated in CNY)*

### III. DESCRIPTION OF IMPORTANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (V) Accounting basis and valuation principles

The Company is based on accrual basis of accounting. The company generally adopts historical cost when measuring accounting elements. The company will provide special explanations for the measurement of other attributes such as replacement cost, net realizable value, present value or fair value according to the standards.

#### (VI) Accounts receivable

Receivables include accounts receivable, other receivables, etc. The accounts receivable formed by the Company's external sales of goods or provision of labor services shall be deemed as the initial recognition amount based on the fair value of the contract or agreement receivable from the purchaser. The receivables are presented using the effective interest method and the amortized cost less the provision for bad debts.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Bad debt provision is measured at the end of the reporting period on the basis of the expected credit loss model. The provision is included in the current profit and loss as an impairment loss or gain.

### III. DESCRIPTION OF IMPORTANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (VI) Accounts receivable (Continued)

##### (1) Accounts receivable

For accounts receivable, whether it contains significant financing components, the company always measures its loss reserves in accordance with the amount of expected credit losses for the entire life period, and the increase or reversal of the loss provision resulting therefrom is included into the current profit and loss as an impairment loss or gain.

In the scope of consolidation, the enterprises involved in the provision of bad debt provision using the expected credit loss model include: Harbin Electric Co., Ltd. and all subsidiaries.

The company combines the accounts receivable based on similar credit risk characteristics (ageing), and based on all reasonable and supportable information, including forward-looking information, the ratio of the provision for bad debts of the accounts receivable is estimated as follows:

Ageing	Ratio (%)
Within 1 year (Including 1 year)	0-5
1 - 2 years	5-25
2 - 3 years	50
3 - 4 years	80
4 - 5 years	80
Over 5 years	100

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2023

(Unless otherwise stated, all amounts are denominated in CNY)

### III. DESCRIPTION OF IMPORTANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (VI) Accounts receivable (Continued)

##### (1) *Accounts receivable (Continued)*

If there is objective evidence showing that a certain account receivable has been credit-impaired, the company shall make a provision for bad debts for the single account receivable and confirm expected credit losses.

The scope of accounts receivable without provision for bad debts:

Accounts receivable between related parties.

Other receivables, such as deposits, deposits and other receivables to relevant national industry authorities, industry associations and other institutions, and temporary loans, reserve funds and other receivables that occur for business operations by internal departments of the enterprise or in-service employees Unless there is solid evidence showing that there is a sign of impairment, no impairment provision may be made.

##### (2) *Other accounts receivable*

For the measurement of impairment loss of other accounts receivable, the measurement method of impairment loss of the aforementioned financial assets (excluding accounts receivable) shall be used for treatment.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8adfZWeIj \_ a` fZe W VW a` %" <g` W\$" \$%  
/G` Mée afZVd [eWeFSFWI S^S\_ ag` fe SdVWV a\_ [ SFW [ 5@Kfi

## III. DESCRIPTION OF IMPORTANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### (VII) Revenue

The scope of merger in the application of new revenue standards include: Harbin Electric Co., Ltd. and all its subsidiaries;

1. On the contract start date, the enterprise shall evaluate the contract and identify the individual performance obligations included in the contract, and determine whether each individual performance obligation is fulfilled within a certain period of time, or is performed at a certain point in time, and then, when each individual performance obligation is fulfilled, the income is separately recognized.

The performance obligation refers to the commitment of the enterprise in the contract to transfer the goods to the customer clearly. The performance obligation includes both the commitments specified in the contract and the commitments that the client reasonably expects the company to perform when the contract is concluded due to the company's publicly announced policies, specific statements or past practices. The initial activities that an enterprise should undertake to perform a contract usually do not constitute a performance obligation unless the activity transfers the promised goods to the customer.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2023

(Unless otherwise stated, all amounts are denominated in CNY)

### III. DESCRIPTION OF IMPORTANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (VII) Revenue (Continued)

1. (Continued)

The enterprise shall measure the income according to the transaction price allocated to each individual performance obligation. The company shall determine the transaction price in accordance with the terms of the contract and in combination with its previous practices. When determining the transaction price, the enterprise should consider the impact of variable consideration, major financing components in the contract, non-cash consideration, and customer consideration.

2. If one of the following conditions is met, it is a performance obligation to be performed within a certain period of time; otherwise, it is a performance obligation at a certain point in time:

The customer obtains and consumes the economic benefits brought by the performance of the enterprise at the same time as the company performs the contract.

The customer can control the goods under construction in the process of corporate performance.

The goods produced during the performance of the enterprise have irreplaceable uses, and the enterprise has the right to receive payment for the part of the performance that has been completed so far throughout the contract period.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8adfZWeIj \_ a` fZe W VVW a` %" <g` W\$" \$%  
/G` Mée afZVd [eWeFSFWI S^S\_ ag` fe SdVVW a\_ [ SFW [ 5@Kfi

### III. DESCRIPTION OF IMPORTANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (VII) Revenue (Continued)

3. Confirmation of performance obligation income performed at a certain point in time

For performance obligations performed at a certain point in time, the enterprise shall earn income when the customer, the company should consider the following signs:

The enterprise has the current right to collect the goods, that is, the customer has a current payment obligation for the goods.

The enterprise has transferred the legal title of the commodity to the customer, that is, the customer already owns the legal title of the commodity.

The enterprise has transferred the physical goods to the customer, that is, the customer has possessed the goods in kind.

The enterprise has transferred the main risks and rewards of ownership of the goods to the customer, that is, the customer has obtained the main risks and rewards of ownership of the goods.

The customer has accepted the goods.

Other indications that the customer has obtained control of the commodity.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*For the six months ended on 30 June 2023*

*(Unless otherwise stated, all amounts are denominated in CNY)*

### III. DESCRIPTION OF IMPORTANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (VII) Revenue (Continued)

4. Confirmation of performance obligation income performed during a certain period of time

For performance obligations performed within a certain period of time, the enterprise shall confirm the income according to the progress of the performance during the period, unless the performance of the performance cannot be reasonably determined. Enterprises should consider the nature of the goods and use the output method or input method to determine the appropriate performance schedule. Among them, the output method is based on the value of the goods that have been transferred to the customer to determine the performance of the customer; the input method is based on the company's commitment to fulfill the performance obligations. For similar performance obligations in similar situations, companies should use the same method to determine the progress of compliance.

When the performance of the performance cannot be reasonably determined, if the costs incurred by the enterprise are expected to be compensated, the revenue shall be recognized according to the amount of costs incurred, until the performance of the performance can be reasonably determined.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*8adfZWej] \_ a` fZe W VWW a` %" <g` W\$" \$%  
/G` Mée afZVd [eVefSFwI S^S\_ ag` fe SdVVW a\_ [ SFVW [ 5@Kfi*

### IV. DESCRIPTION OF CHANGES IN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND CORRECTION OF MAJOR PREVIOUS ERRORS

(I) Changes in accounting policies

There is no change in important accounting policies in this period.

(II) Change in accounting estimates

There is no change in important accounting estimates in this period.

(III) Important corrections of prior period errors

No corrections to prior period accounting errors using the retrospective restatement method occurred during the reporting period.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2023

(Unless otherwise stated, all amounts are denominated in CNY)

### V. TAXATION

The principal taxable items of the Company and its subsidiaries are as follows:

(I) Turnover tax and additional taxes

Tax Type	Tax basis	Tax rate	Note
Value-added Tax ("VAT")	The output tax is calculated on the basis of the sales goods and taxable service income calculated according to the tax law. After deducting the input tax amount that is allowed to be deducted in the current period, the difference is partly due to the value-added tax.	3%、6%、9%、10%、13%	
City maintenance and construction tax	Actual paid turnover tax	7%	
Corporate income tax	Calculated based on taxable income	15%、25%	

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8ad fZ We fj \_ a` fZe W VVW a` %" <g` W\$" \$%  
/G` Mée afZVWd [eWe fSFWt S^S\_ ag` fe SdVVW a\_ [ SFW [ 5@Kfi

### V. TAXATION (CONTINUED)

#### (II) Tax incentives

According to the relevant provisions of the "Enterprise Income Tax Law", high-tech enterprises that are supported by the state are subject to a corporate income tax rate of 15%.

On 7 August, 2020, the Company obtained the High and New Technology Enterprise certificate (Number: GR202023000278) jointly issued by the Heilongjiang Science and Technology Bureau, Heilongjiang Finance Bureau, Heilongjiang State Tax Bureau, and Heilongjiang Local Tax Bureau, for an effective period of three years, pursuant to which enterprise income tax will be charged at the rate of 15% during the period.

Except for certain subsidiaries enjoying a corporate income tax rate of 15% (six months ended June 30, 2022: 15%), other subsidiaries located in China should be subject to a corporate income tax rate of 25% (as of 2) For the six months ended June 30, 2022: 25%) Chinese corporate income tax is paid.

#### (III) Hong Kong profits tax

The Company did not earn any income subject to Hong Kong Profits Tax from January to June 2023. Therefore, no provision for Hong Kong Profits Tax has been made.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*For the six months ended on 30 June 2023*

*(Unless otherwise stated, all amounts are denominated in CNY)*

### V. TAXATION (CONTINUED)

- (IV) In accordance with the Circular of the State Administration of Taxation on the issue of the payment of corporate income tax on dividends paid by the Chinese resident enterprises to the shareholders of non-resident enterprises of overseas H shares on 6 November 2008 [2008] No. 897 issued by the State Administration of Taxation. The Chinese resident enterprises shall pay the enterprise income tax at the rate of 10% of the annual dividend of the H-share non-resident enterprise shareholders. Accordingly, the Company shall pay the enterprise income tax at the rate of 10% of the annual dividend of H shares non-resident enterprise shareholders.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Bad debt provision as at the end of the reporting period is \$ 1,332,648,801.67 (2022: \$ 1,332,648,801.67)

### VI. NOTES TO KEY ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS

(In addition to the special note, the unit of amount is CNY)

#### (I) Accounts receivable

##### 1. Accounts receivable shown by classification

Type	30 June, 2023				31 December, 2022			
	Carrying Amount		Bad debt provision		Carrying Amount		Bad debt provision	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Accounts receivable individually accruing bad debt provision	1,833,582,388.88	13.56	1,221,509,657.69	66.62	2,033,882,106.57	16.30	1,332,648,801.67	65.52
Accounts receivable accruing bad debt provision in credit risk characteristic portfolio	11,689,621,822.67	86.44	3,756,547,631.93	32.14	10,446,461,339.77	83.70	3,702,319,063.71	35.44
<b>Total</b>	<b>13,523,204,211.55</b>	<b>-</b>	<b>4,978,057,289.62</b>	<b>-</b>	<b>12,480,343,446.34</b>	<b>-</b>	<b>5,034,967,865.38</b>	<b>-</b>



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2023

(Unless otherwise stated, all amounts are denominated in CNY)

### VI. NOTES TO KEY ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (I) Accounts receivable (Continued)

#### 2. Accounts receivable individually accruing bad debt provision

Debtor	Accounts receivable	Bad debt provision	Percentage (%)	Reason
Harbin Guanghan Power Technology Development Co., Ltd.	350,582,500.00	31,055,125.00	8.86	Judging by future recyclability
Huasheng Jiangquan Group Co., Ltd	340,410,000.00	340,410,000.00	100.00	Judging by future recyclability
No. 703 Research Institute of China Shipbuilding Industry Corporation	286,369,055.40	44,614,150.00	15.58	Judging by future recyclability
Ministry of National Water Resources and Irrigation of the Republic of Sudan	285,707,458.48	285,707,458.48	100.00	Judging by future recyclability
Indian coast energy co.	138,103,973.14	138,103,973.14	100.00	Judging by future recyclability
Sudan Electricity and Dam Department	39,994,803.00	39,994,803.00	100.00	Judging by future recyclability
Yunnan Huadian town Xiong power generation Co., Ltd	34,000,000.00	34,000,000.00	100.00	Judging by future recyclability
Datong Coal Mine Group Shuozhou Coal and Electricity Co., Ltd.	33,560,000.00	33,560,000.00	100.00	Judging by future recyclability

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Bad debt provision as at the end of the reporting period is \$ 5,000,000.

### VI. NOTES TO KEY ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (I) Accounts receivable (Continued)

#### 2. Accounts receivable individually accruing bad debt provision (Continued)

Debtor	Accounts receivable	Bad debt provision	Percentage (%)	Reason
China Power Construction Group Shandong Electric Power Construction Co., Ltd.	32,500,000.00	32,500,000.00	100.00	Judging by future recyclability
Sudan National Electric Power Company	56,360,011.90	56,360,011.91	100.00	Judging by future recyclability
Datang Environmental Industry Group Co., Ltd. Leizhou Project Branch	27,384,367.22	21,907,493.78	80.00	Judging by future recyclability
Inner Mongolia Chuangyuan Metal Co., Ltd.	26,904,000.00	23,950,400.00	89.02	Judging by future recyclability
Inner Mongolia Hongyu	17,503,787.91	17,503,787.91	100.00	Judging by future recyclability
Great Leader Thermoelectric (Private) Limited	17,091,249.84			Judging by future recyclability
Inner Mongolia Jinlian Aluminum Co., Ltd.	16,604,910.00	16,604,910.00	100.00	Judging by future recyclability

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2023

(Unless otherwise stated, all amounts are denominated in CNY)

### VI. NOTES TO KEY ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (I) Accounts receivable (Continued)

##### 2. Accounts receivable individually accruing bad debt provision (Continued)

Debtor	Accounts receivable	Bad debt provision	Percentage (%)	Reason
Sudan Dam Department Thermal Power Company	16,451,976.74	16,451,976.74	100.00	Judging by future recyclability
Xinjiang Zhudong TBEA Energy Co., Ltd.	14,916,499.74	13,919,381.79	93.32	Judging by future recyclability
Other	99,137,795.51	74,866,185.94		Judging by future recyclability
Total	1,833,582,388.88	1,221,509,657.69	-	

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Bad debt provision as at 30 June 2023 is \$1,168,621,822.67 and as at 31 December 2022 is \$1,104,461,339.77.

## VI. NOTES TO KEY ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (I) Accounts receivable (Continued)

#### 3. Accounts receivable accruing bad debt provision in credit risk characteristic portfolio

##### (1) Accounts receivables accruing bad debt provision by applying aging analysis :

Age	30 June, 2023			31 December, 2022		
	Amount	Bad debt Provision	Percentage (%)	Amount	Bad debt Provision	Percentage (%)
Within one year	5,939,459,175.20	287,994,963.95	50.81	4,744,697,091.82	232,940,665.70	45.42
One to two years	1,776,239,859.84	440,437,286.82	15.20	1,873,273,275.37	466,335,346.94	17.93
Two to three years	1,199,479,136.82	594,193,260.85	10.26	1,039,823,998.94	516,153,561.04	9.95
Over three years	2,774,443,650.81	2,433,922,120.31	23.73	2,788,666,973.64	2,488,009,349.03	26.69
<b>Total</b>	<b>11,689,621,822.67</b>	<b>3,756,547,631.93</b>	<b>-</b>	<b>10,446,461,339.77</b>	<b>3,703,438,922.71</b>	<b>-</b>

#### 4. Provision, transfer and recovery of bad debts in the period

Net value of provision, transfer and recovery of bad debts in the period was -43,112,307.96 yuan.

#### 5. Accounts receivable actually written off in the current period

The amount of accounts receivable actually written off from January 1, 2023 to June 30, 2023 was 13,798,267.80 yuan.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2023

(Unless otherwise stated, all amounts are denominated in CNY)

### VI. NOTES TO KEY ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (II) Prepayments

Age	30 June, 2023			31 December, 2022		
	Carrying Amount		Bad debt provision	Carrying Amount		Bad debt provision
	Amount	Percentage (%)		Amount	Percentage (%)	
Less than a year	4,171,195,964.31	69.29		3,813,035,498.98	77.90	
One to two years	1,182,851,828.63	19.65		471,293,327.89	9.63	
Two to three years	234,340,110.13	3.89		302,045,247.95	6.17	
Over three years	431,142,078.50	7.16	1,732,617.80	308,587,210.70	6.30	1,732,617.80
<b>Total</b>	<b>6,019,529,981.57</b>	<b>100.00</b>	<b>1,732,617.80</b>	<b>4,894,961,285.52</b>	<b>100.00</b>	<b>1,732,617.80</b>

#### (III) Other receivables

Items	30 June, 2023	31 December, 2022
Interest receivable	6,392,125.16	8,343,182.28
Other receivables	1,326,158,465.63	2,310,831,422.45
<b>Total</b>	<b>1,332,550,590.79</b>	<b>2,319,174,604.73</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

BadfZWej] \_ a` fZe W VVW a` %" <g` W\$" \$%  
/G` Mée afZVd [eWeFSFWt S^S\_ ag` fe SdVVW a\_ [ SFVW [ 5@Kfi

### VI. NOTES TO KEY ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (III) Other receivables (Continued)

##### 1. Classification of Interest receivable

Items	30 June, 2023	31 December, 2022
Term deposits	6,392,125.16	8,343,182.28
Total	6,392,125.16	8,343,182.28

##### 2. Details of other receivables

##### 1) Classification disclosure of other receivables

Type	30 June, 2023				31 December, 2022			
	Carrying Amount		Bad debt provision		Carrying Amount		Bad debt provision	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Other receivable individually accruing bad debt provision	1,419,287,960.88	82.52	186,574,001.51	13.15	2,375,919,569.16	88.68	189,315,053.46	7.97
Other receivable accruing bad debt provision in credit risk characteristic portfolio	300,563,003.52	17.48	207,118,497.26	68.91	303,375,990.12	11.32	179,149,083.37	59.05
Total	1,719,850,964.40	-	393,692,498.77	-	2,679,295,559.28	-	368,464,136.83	-

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2023

(Unless otherwise stated, all amounts are denominated in CNY)

### VI. NOTES TO KEY ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (III) Other receivables (Continued)

##### 2. Details of other receivables (Continued)

#### 2) Other receivables accruing bad debt provision by applying aging analysis

Age	30 June, 2023			31 December, 2022		
	Amount		Bad debt Provision	Amount		Bad debt Provision
	Amount	Percentage (%)		Amount	Percentage (%)	
Within one year	62,701,109.17	4.86	3,044,876.52	105,052,843.10	2.65	2,785,018.01
One to two years	16,656,985.51	23.51	3,915,865.20	17,085,610.59	25.00	4,271,402.65
Two to three years	3,081,932.45	50.00	1,540,966.23	3,660,438.35	49.32	1,805,219.18
Over three years	218,122,976.39	255.12	198,616,789.31	177,577,098.08	269.23	170,287,443.53
Total	300,563,003.52	-	207,118,497.26	303,375,990.12	-	179,149,083.37

#### 3) Provision, transfer and recovery of bad debts in the period

Net value of provision, transfer and recovery of bad debts in the period was 393,692,498.77 yuan.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8ad fZ We f j \_ a` fZe W V W W a` %" <g` W\$ " \$%  
/G` Mée afZ W d [e We f S F W t S ^ S \_ ag` fe S d V W W a \_ [ S F W [ 5 @ K f i

### VI. NOTES TO KEY ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (IV) Other current assets

Items	30 June, 2023	31 December, 2022
Entrust loans	150,000,000.00	290,000,000.00
Deductible input tax and prepay VAT	436,096,648.85	349,006,924.66
Total	586,096,648.85	639,006,924.66

#### (V) Changes in investment real estate, fixed assets, intangible assets and other long term assets.

For the six months ended June 30, 2023, the Company has disposed of certain plant and machinery equipment with a carrying amount of RMB3,704,175.88 (six months ended 30 June 2022: RMB3,516,298.27) in exchange for proceeds of RMB5,425,058.86 (Six months ended June 30, 2022: RMB3,817,890.92), and the income from the disposal were approximately RMB215,411.57 (six months ended 30 June 2022: income of RMB301,592.65).

For the six months ended June 30, 2023, the Company spent approximately RMB425,654,336.40 (six months ended 30 June 2022: RMB202,334,500.10), which was mainly used for construction in progress, machinery and equipment, transportation equipment, etc. and increased production capacity.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2023

(Unless otherwise stated, all amounts are denominated in CNY)

### VI. NOTES TO KEY ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (VI) Short-term borrowings

Items	30 June, 2023	31 December, 2022
Pledged loan	16,000,000.00	10,000,000.00
Credit loan	4,879,002,991.77	4,802,857,850.77
Total	4,895,002,991.77	4,812,857,850.77

#### (VII) Accounts payable

Items	30 June, 2023	31 December, 2022
Within 1 year	14,240,921,903.72	11,288,408,105.28
1-2 years	1,019,049,517.82	1,194,304,241.76
2-3 years	401,083,429.23	334,659,482.02
Over 3 years	966,396,045.61	979,293,887.87
Total	16,627,450,896.38	13,796,665,716.93

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8ad fZ We f j \_ a` fZe W V W a` %" <g` W\$" \$%  
/G` Mée afZ W d [e V We f S F W t S ^ S\_ ag` fe S d V W W a\_ [ S F W [ 5 @ K f i

### VI. NOTES TO KEY ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(VIII) Non-current liabilities within one year

Items	30 June, 2023	31 December, 2022
Long-term loans due within 1 year	900,808,980.32	376,797,151.00
Long-term payables due within 1 year	40,118,500.00	
Lease liabilities due within 1 year		25,263,157.88
<b>Total</b>	<b>940,927,480.32</b>	<b>402,060,308.88</b>

(IX) Share capital

Shareholder's name	31 December, 2023		Increase during the period	Decrease during the period	30 June, 2022	
	Investment amount	proportion (%)			Investment amount	proportion (%)
Harbin Electric Corporation	1,030,952,000.00	60.41			1,030,952,000.00	60.41
Overseas-listed shares	675,571,000.00	39.59			675,571,000.00	39.59
<b>Total</b>	<b>1,706,523,000.00</b>	<b>100.00</b>			<b>1,706,523,000.00</b>	<b>100.00</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2023

(Unless otherwise stated, all amounts are denominated in CNY)

### VI. NOTES TO KEY ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (X) Incomes and division's documents

##### 1. *Basis of reporting division and accounting policy*

Based on internal organizational structure, management requirements and internal reporting system, the company divides its main business into three business systems: newpower system with new energy as the main body, clean and efficient industrial system and green and low-carbon driving system. On the basis of these three systems, each system is further divided into three business types: equipment manufacturer, system integrator and operation and maintenance service provider. The individual report of the company offers the different products and services, or operating activities in different area. Due to different divisions need different technique and market strategy, the company's managements report the operating activities of every division respectively and evaluate the operating outcomes regularly to decide how to allocate the resources and evaluate its performance.

The transfer price of divisions should decide by the actual price and the indirectly expenses of divisions should allocate by ratios. The assets should allocate by the operating of the divisions and its locations. The liabilities of divisions include the liabilities which related to the operating activities of the divisions. If several divisions bear the related expenses together, the divisions bear the liabilities together.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

BadfzWefj \_ a` fZe W VVW a` %" <g` W\$" \$%  
/G` Mée afZVd [eWefSFWt S^S\_ ag` fe SdVVW a\_ [ SFW [ 5@Kfi

### VI. NOTES TO KEY ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(X) Incomes and division's documents (Continued)

#### 1. Report Division Financial Information

(1) Divisional financial information in January 1, 2023 to June 30, 2023

Items	New power system with new energy as the main body	Green and low-carbon drive system	Clean and efficient industrial system	Others	Offsetting	Total
(I) Operating income	10,473,181,551.04	494,350,081.09	1,887,141,988.86	4,950,480,697.76	-4,041,332,217.21	13,763,822,101.53
Including: external transaction income	6,702,033,488.35	493,385,479.30	1,811,101,325.64	4,757,301,808.25		13,763,822,101.53
Segments transaction income	3,771,148,062.69	964,601.79	76,040,663.22	193,178,889.51	-4,041,332,217.21	
(II) Income on investment in joint ventures and joint ventures	3,225,736.53	152,259.67	581,239.12	1,524,746.45	-1,471,750.33	4,012,231.44
(III) Impairment on assets	-130,603,024.74	-6,164,661.19	-23,533,102.21	-61,733,652.75		-222,034,440.89
(IV) Credit losses	23,392,334.22	1,104,153.72	4,215,018.70	11,057,127.05	-9,944,527.03	29,824,106.66
(V) Depreciation and amortization charges	232,914,067.25	10,993,897.84	41,968,327.77	110,094,204.76	-3,471,287.94	392,499,209.66
(IV) Credit losses	146,920,717.90	6,934,881.10	26,473,355.25	69,446,726.81	-76,960,143.92	172,815,537.14
(VII) Income tax expense	40,239,835.76	1,899,381.38	7,250,736.88	19,020,631.82	4,544.22	68,415,130.06
(VIII) Net profit	106,680,882.13	5,035,499.72	19,222,618.37	50,426,095.00	-76,964,688.14	104,400,407.08
(IX) Total assets	64,570,379,761.55	3,047,820,026.38	11,634,809,755.82	30,521,233,409.24	-40,442,864,685.64	69,331,378,267.34
(X) Total liabilities	51,092,760,708.55	2,411,655,930.56	9,206,304,081.51	24,150,610,246.79	-29,764,699,453.77	57,096,631,513.64

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2023

(Unless otherwise stated, all amounts are denominated in CNY)

### VI. NOTES TO KEY ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (X) Incomes and division's documents (Continued)

##### 1. Report Division Financial Information (Continued)

##### (2) Divisional financial information in January 1, 2022 to June 30, 2022

Items	New power system with new energy as the main body	Green and low- carbon drive system	Clean and efficient industrial system	Others	Offsetting	Total
(I) Operating income	8,164,215,276.85	687,725,140.28	1,756,463,670.87	4,319,564,827.51	-3,055,681,216.54	11,872,287,698.97
Including: external transaction income	5,391,592,768.94	676,802,573.88	1,600,999,006.09	4,202,893,350.06		11,872,287,698.97
Segments transaction income	2,772,622,507.91	10,922,566.40	155,464,664.78	116,671,477.45	-3,055,681,216.54	
(II) Income on investment in joint ventures and joint ventures	4,073,071.38	343,101.39	876,287.76	2,155,001.46	-4,066,345.03	3,381,116.96
(III) Impairment on assets	-88,151,455.10	-7,425,572.42	-18,965,059.49	-46,639,623.29	8,965,325.92	-152,216,384.39
(IV) Credit losses	-286,865,670.42	-24,164,567.78	-61,716,786.17	-151,776,357.94	2,775,454.97	-521,747,927.36
(V) Depreciation and amortization charges	197,368,637.96	16,625,648.59	42,462,236.80	104,424,809.70		360,881,333.05
(VI) Total profit	101,322,180.11	8,535,028.56	21,798,632.49	53,608,057.92	-60,839,561.58	124,424,337.51
(VII) Income tax expense	34,366,715.83	2,894,932.78	7,393,715.84	18,182,918.00	-11,507.44	62,826,775.03
(VIII) Net profit	66,955,464.28	5,640,095.77	14,404,916.65	35,425,139.92	-60,828,054.14	61,597,562.48
(IX) Total assets	54,226,219,196.31	4,567,828,375.30	11,666,324,416.63	28,690,285,744.10	-36,963,127,589.04	62,187,530,143.30
(X) Total liabilities	42,494,268,727.28	3,579,569,613.31	9,142,291,905.42	22,483,085,310.80	-27,814,971,114.90	49,884,244,441.91

#### (XI) Administrative expenses

For the six months ended 30 June 2023, the amount of management expenses was RMB627,753,050.19 (for the six months ended June 30, 2022, the amount of management expenses was RMB498,397,855.04). Mainly for labor costs, depreciation and amortization expenses, etc.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Bad debt loss  
/G` Mée afZVd [eWeFSFWI S^S\_ ag` fe SdVVW a\_ [ SFVW [ 5@Kfi

### VI. NOTES TO KEY ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XII) Credit impairment losses

Items	January to June in 2023	January to June in 2022
Bad debt loss	29,824,106.66	-521,747,927.36
Total	29,824,106.66	-521,747,927.36

#### (XIII) Impairment on assets

Items	January to June in 2023	January to June in 2022
Inventory price loss	-20,048,274.85	-32,964,102.37
Impairment loss of Contract asset	-201,975,817.49	-118,769,361.88
Fixed asset impairment loss	-10,348.55	-482,920.14
Total	-222,034,440.89	-152,216,384.39

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2023

(Unless otherwise stated, all amounts are denominated in CNY)

### VI. NOTES TO KEY ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XIV) Assets with limited ownership or use rights

Items	Closing book value	Reason
Monetary funds	3,725,205,741.27	Acceptance of money received, deposit of reserve deposits of the Central Bank, etc.
Fixed assets	65,917,864.86	Note 1
Intangible assets	23,171,998.13	Note 1

*Note 1:* The main reason is that Harbin Electric Machinery (Zhenjiang) Co., Ltd. signed three contracts with Zhenjiang Branch of Bank of China Co., Ltd. in 2014. The maximum amount of mortgage contracts, respectively: 1) with 17 sets of machinery and equipment as collateral contract number: 150319582E14061201-3, the maximum amount of the mortgage contract with the contract value of 29,937,700.00 yuan, has been repaid on September 2, 2016, and the mortgage registration has been cancelled; 2) With housing and buildings as collateral contract number: 150319582E14061201-2, the contract amount of 54,967,600.00 yuan the maximum amount of mortgage contract; 3) the mortgage contract with the land contract number: 150319582E14061201-1 and the maximum contract amount of 21,991,830.00 yuan. Including: Mortgage contract with house construction as collateral, contract number 150319582E14061201-2 expires on June 1, 2017, and mortgage contract with land as collateral, contract number 150319582E14061201-1 on June 1, 2017. Expiry; Because the relevant obligations have not been lifted, the mortgage contract is still effective.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8ad fZ We f j \_ a` fZe W V W a` %" <g` W\$" \$%  
/G` Mée afZ W d [e W e f S F W t S ^ S \_ ag` fe S d W V W a \_ [ S F W [ 5 @ K f i

### VI. NOTES TO KEY ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XV) Profit before tax and amortization depreciation

Items	January to June in 2023
Net profit	104,400,407.08
Income tax expenses	68,415,130.06
Withdrawing depreciation of fixed assets	345,293,185.92
Withdrawing amortization intangible assets	45,338,932.78
Withdrawing amortization of long-term deferred expenses	1,867,090.98
Interests and investment income	17,500,232.46
Interests income of finance company	192,957,262.95
Interests expenses	120,303,704.46
Interests expenses of finance company	3,204,427.14
<b>Profit before tax and amortization depreciation</b>	<b>899,280,373.83</b>

(XVI) Dividend

Items	January to June in 2023	January to June in 2022
Dividend of per share RMB0.006 at the 2022		
Dividend of per share RMB0.000 at the 2021		
<b>Total</b>		

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2023.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2023

(Unless otherwise stated, all amounts are denominated in CNY)

### VI. NOTES TO KEY ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XVII) Earnings per share

Items	January to June in 2023	January to June in 2022
Net profit attributable to common shareholders of the Company	84,889,971.05	51,835,303.42
Weighted average number of ordinary shares outstanding during the period	1,706,523,000.00	1,706,523,000.00
Earnings per share	0.05	0.03

### VII RELATED PARTY AND TRANSACTION

(I) Transaction information for related party

The transaction price of the transaction between the company and the related party is the price agreed between the parties and is consistent with the transaction price of the non-related party.

1. For subsidiaries that have a control relationship and have been included in the scope of the company's consolidated financial statements, their mutual transactions and parent-subsidiary transactions have been offset.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8ad fZWe fj \_ a` fZe W VVW a` %" <g` W\$" \$%  
/G` Mée afZWd [eWe fSFWI S^S\_ ag` fe Sd VVW a\_ [ SFW [ 5@Kfi

### VII RELATED PARTY AND TRANSACTION (CONTINUED)

(I) Transaction information for related party (Continued)

2. *Continuing Connected Transaction and Connected Transaction*

The Company entered into the Entrusted Management Agreement with Harbin Electric Group Co., Ltd. on March 25, 2022. The Agreement is valid from March 23, 2022 to March 22, 2025.

The Company signed the Financial Services Framework Agreement with Harbin Electric Group Co., Ltd. on December 20, 2022. The contract is valid from December 31, 2022 to December 30, 2025.

The Company signed K Product and Service Framework Agreement with Harbin Electric Group Co., Ltd. on December 20, 2022. The contract is valid from January 1, 2023 to December 31, 2025.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2023

(Unless otherwise stated, all amounts are denominated in CNY)

### VII RELATED PARTY AND TRANSACTION (CONTINUED)

(I) Transaction information for related party (Continued)

2. *Continuing Connected Transaction and Connected Transaction (Continued)*

(1) Transaction information for products and services

<b>Related party</b>	<b>January to June in 2023</b>	<b>January to June in 2022</b>
Sales of goods		
– Company under the same control		6,461,736.43
– Associates		
Purchase		
– Company under the same control	15,038,031.44	546,192.21
– Associates		
Service expense		
– Company under the same control	14,068,821.06	14,301,809.56

The transactions with the Company under the same control in the above transaction (1) is a transaction under the “Continuing Connected Transaction – Product and Services Framework Agreement” and is a continuing connected transaction under the requirements of Chapter 14A of the Listing Rules.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8ad fZWe fj \_ a` fZe W VVW a` %" <g` W\$" \$%  
 /G` Mée afZVd [eVWe fSWWl S^S\_ ag` fe SdVVW a\_ [ fVW [ 5@Kfi

## VII RELATED PARTY AND TRANSACTION (CONTINUED)

(I) Transaction information for related party (Continued)

2. *Continuing Connected Transaction and Connected Transaction (Continued)*

(2) Interests to be paid for absorbing deposits

<b>Related party</b>	<b>January to June in 2023</b>	<b>January to June in 2022</b>
Holding company		1,956,431.71
Company under the same control		548,752.49
<b>Total</b>		<b>2,505,184.20</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2023

(Unless otherwise stated, all amounts are denominated in CNY)

### VII RELATED PARTY AND TRANSACTION (CONTINUED)

(I) Transaction information for related party (Continued)

2. *Continuing Connected Transaction and Connected Transaction (Continued)*

(3) Entrusted loan interest income

<b>Related party</b>	<b>January to June in 2023</b>	<b>January to June in 2022</b>
Company under the same control	66,836,094.17	2,905,660.38
Total	66,836,094.17	2,905,660.38

Among the above transactions (2) to (3), the transactions with companies under the same control are transactions under the “Continuing Connected Transactions – Financial Services Framework Agreement”, which are continuing connected transactions under Chapter 14A of the Listing Rules.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8ad fZWe f j \_ a` fZe W VW a` %" <g` W\$" \$%  
/G` Mée afZVd [eWe fSFWI S^S\_ ag` fe SdVWV a\_ [ SFW [ 5@Kfi

### VII RELATED PARTY AND TRANSACTION (CONTINUED)

(I) Transaction information for related party (Continued)

2. *Continuing Connected Transaction and Connected Transaction (Continued)*

(4) Entrusted management fee

<b>Related party</b>	<b>January to June in 2023</b>	January to June in 2022
Harbin Electric Group Co., Ltd.	1,640,000.00	1,640,000.00
<b>Total</b>	<b>1,640,000.00</b>	1,640,000.00

The above-mentioned transaction (4) is a transaction under the "Continuing Connected Transaction – Entrusted Management Contract", which is a continuing connected transaction under Chapter 14A of the Listing Rules. The "Entrusted Management Contract" renewed on July 23, 2019 "is a continuing connected transaction exempted by Rule 14A.33 of the Listing Rules.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2023

(Unless otherwise stated, all amounts are denominated in CNY)

### VII RELATED PARTY AND TRANSACTION (CONTINUED)

(I) Transaction information for related party (Continued)

2. *Continuing Connected Transaction and Connected Transaction (Continued)*

(5) Remuneration of key management

<b>Related party</b>	<b>January to June in 2023</b>	January to June in 2022
Remuneration of key management	7,336,661.88	2,469,186.00

The above transaction (5) is a continuing connected transaction waived under Rule 14A.33 of the Listing Rules.

(6) Revenue from EPC services

<b>Related party</b>	<b>Content of related party</b>	<b>January to June in 2023</b>	January to June in 2022
Company under the same control	Revenue from EPC services		4,706,935.20
Total			4,706,935.20

The above transaction (6) is a transaction under the EPC Framework Agreement and is a continuing connected transaction under Chapter 14A.33 of the Listing Rules.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8ad fZ We f j \_ a` fZe W V W W a` %" <g` W\$" \$%  
 /G` Mée afZ W d [eWe fSFW t S^S\_ ag` fe Sd V W W a\_ [ SFW [ 5@Kfi

## VII RELATED PARTY AND TRANSACTION (CONTINUED)

(I) Transaction information for related party (Continued)

2. *Continuing Connected Transaction and Connected Transaction (Continued)*

(7) Service fee for technology development

Related party	Content of related party	January to June in 2023	January to June in 2022
Company under the same control	Service fee for technology development		22,238,207.60
Total			22,238,207.60

The above transaction (7) is a transaction under the Framework Agreement for Technology Development and is a continuing connected transaction under Chapter 14A.33 of the Listing Rules.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2023

(Unless otherwise stated, all amounts are denominated in CNY)

### VII RELATED PARTY AND TRANSACTION (CONTINUED)

(I) Transaction information for related party (Continued)

3. Accounts receivable and payable for related party

(1) Accounts receivable

Items	Related party	30 June, 2023		30 December, 2022	
		Carrying Amount	Bad debt allowance	Carrying Amount	Bad debt allowance
Account receivable	Company under the same control	591,992.00		6,106,792.00	
Payment in advanced	Company under the same control	5,026,730.00		46,000.00	
Other receivables	Holding company	1,732,830.19		154,650,000.00	
	Company under the same control	175,750.61		166,292.55	
Other current assets	Company under the same control	150,000,000.00		150,000,000.00	
Contract assets	Company under the same control	3,040,000.00		174,166.67	

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

BadfZWej] \_ a` fZe W VVW a` %" <g` W\$" \$%  
/G` Mée afZVd [eWeFSFWI S^S\_ ag` fe SdVVW a\_ [ SFVW [ 5@Kfi

### VII RELATED PARTY AND TRANSACTION (CONTINUED)

(I) Transaction information for related party (Continued)

3. *Accounts receivable and payable for related party (Continued)*

(2) Account payable Items

Items	Related party	30 June, 2023	30 December, 2022
Deposit taking	Holding company	214,568,136.69	476,469,505.25
	Company under the same control	173,317,226.07	161,535,438.14
Short-term loan	Holding company	3,997,091,932.96	3,997,091,932.96
	Company under the same control	55,292.00	55,292.00
Accounts received in advance	Company under the same control	55,292.00	55,292.00
	Company under the same control	7,822,895.45	7,206,597.07
Accounts payable	Company under the same control	7,822,895.45	7,206,597.07
	Company under the same control	6,995,504.60	7,147,307.60
Other payables	Company under the same control	6,995,504.60	7,147,307.60
	Company under the same control	920,094.78	598,721.71
Interest payable	Holding company	6,346,998.71	4,909,290.00
	Company under the same control	920,094.78	598,721.71
Long-term payables	Holding company	1,000,000.00	1,000,000.00
	Holding company	2,500,000.00	2,500,000.00
Special payables	Holding company	2,500,000.00	2,500,000.00

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2023

(Unless otherwise stated, all amounts are denominated in CNY)

### VIII SHARE-BASED PAYMENT

None.

### IX CONTINGENCIES

#### (I) Contingent liabilities

##### 1. Contingent liabilities formed by providing debt guarantee for other companies

As of June 30, 2023, the companies provided loan guarantee are as follows :

No.	Guarantee company	Name	Guaranteed		Category	Anti-guarantee		Amount	Increasing in this year	Situation of Guaranteed	Overdue situation	Sued situation
			Nature	Method		method	method					
		Total						1,157,153,820.79				
1	Harbin Electric Co., Ltd.	Harbin Electric International Engineering Co., Ltd.	State-controlled	joint responsibility	Performance guarantee	No counter guarantee		8,129,624.45		Normal operation	None	None
2	Harbin Electric Co., Ltd.	Harbin Electric International Engineering Co., Ltd.	State-controlled	joint responsibility	Performance guarantee	No counter guarantee		10,941,583.18		Normal operation	None	None
3	Harbin Electric Co., Ltd.	Harbin Electric International Engineering Co., Ltd.	State-controlled	joint responsibility	Performance guarantee	No counter guarantee		604,752,953.16		Normal operation	None	None
4	Harbin Electric Co., Ltd.	Harbin Electric International Engineering Co., Ltd.	State-controlled	joint responsibility	Performance guarantee	No counter guarantee		505,490,660.00		Normal operation	None	None
5	Harbin Electric Co., Ltd.	HE Group Shanxi Environmental Protection Engineering Co., Ltd.	State-owned	joint responsibility	Loan guarantee	No counter guarantee		13,789,900.00		Normal operation	None	None
6	Harbin Boiler Factory Co., Ltd.	HE Group Shanxi Environmental Protection Engineering Co., Ltd.	State-owned	joint responsibility	Loan guarantee	No counter guarantee		13,249,100.00		Normal operation	None	None
7	Harbin Steam Turbine Plant Co., Ltd.	Harbin Boiler Factory Co., Ltd.	State-owned	guarantee				800,000.00		Normal operation	None	None

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8ad fZ We fj \_ a` fZe W VW a` %" <g` W\$" \$%  
/G` Mée afZ Wd [eWe fSFWt S^S\_ ag` fe SdVWV a\_ [ SFW [ 5@Kfi

### IX CONTINGENCIES (CONTINUED)

#### (I) Contingent liabilities (Continued)

2. *Has signed a contract but has not made a commitment to purchase and build assets (Continued)*

As of June 30, 2023, the company still has a large contractual expenditure of CNY 45,950,581.03 that has been signed but has not incurred purchase and construction assets. The details are as follows:

<u>Company</u>	<u>Unpaid contract amount (ten thousand yuan)</u>	<u>Expected investment period</u>
Harbin Electric Co., Ltd. (Headquarters)	26,664,000.00	2023
Harbin Steam Turbine Plant Co., Ltd.	19,286,581.03	2023
<u>Total</u>	<u>45,950,581.03</u>	

#### (II) Contingent asset

As of June 30, 2023, the company has no contingent assets that need to be stated.

### X. EVENTS AFTER THE BALANCE SHEET DATA

As of the approval date of the financial report, the company has no undisclosed balance sheet events that need be disclosed.

**Harbin Electric Co., Ltd**

August 25 2023

## INFORMATION ON THE COMPANY

### REGISTERED NAME OF THE COMPANY

哈爾濱電氣股份有限公司

### ENGLISH NAME OF THE COMPANY

Harbin Electric Company Limited

### REGISTERED ADDRESS OF THE COMPANY

1399 Chuangxinyi Road  
Songbei District  
Harbin  
Heilongjiang Province  
People's Republic of China  
Taxpayer's Identification Number:  
91230100127575573H

### OFFICE ADDRESS OF THE COMPANY

1399 Chuangxinyi Road  
Songbei District  
Harbin  
Heilongjiang Province  
People's Republic of China  
Postcode: 150028  
Tel: 86-451-82135727 or 58590070  
Fax: 86-451-82162088

### PLACE OF BUSINESS IN HONG KONG

Room 1601, 16th Floor  
LHT Tower  
31 Queen's Road Central  
Hong Kong

### WEBSITE

[www.hpec.com](http://www.hpec.com)

### LEGAL REPRESENTATIVE

Mr. Cao Zhi-an

### AUTHORISED REPRESENTATIVES

Mr. Huang Wei  
Mr. Ai Li-song

### COMPANY SECRETARY

Mr. Ai Li-song

### JOINT COMPANY SECRETARY

Mr. Tung Tat Chiu, Michael

### AUDITORS

**Dahua**  
Certified Public Accountants LLP

### LEGAL ADVISORS

as to PRC Law  
**Haiwen Partners**

### LISTING INFORMATION

H Shares  
**The Stock Exchange of Hong Kong Limited**  
Stock Code: 1133

### DEPOSITARY

The Bank of New York

### SHARE REGISTER AND TRANSFER OFFICE

Hong Kong Registrars Limited