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哈尔滨电气股份有限公司

HARBIN ELECTRIC COMPANY LIMITED

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1133)

INTERIM RESULTS ANNOUNCEMENT 2024

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 2024, 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.

CONSOLIDATION BALANCE SHEET

Harbin Electric Company Limited. (Apart from special notes: the unit of amount is RMB)

Items	Notes	June 30, 2024	December 31, 2023
Current assets:			
Cash and bank		16,336,958,594.63	18,677,316,557.23
△ Settlement reserve			
△ Due from banks and other financial institutions		600,000,000.00	
☆ Transactional financial assets			603,149,819.44
Financial assets at fair value through profit and loss			
Derivative assets			
Notes receivable		985,137,753.53	975,331,805.68
Accounts receivable	11	7,045,940,950.53	7,161,224,594.18
Receivables for financing		13,452,951.41	10,194,291.30
Prepayments		8,229,621,912.93	8,015,031,909.43
△ Premium receivable			
△ Reinsurance premium receivable			
△ Reinsurance reserve receivable			
Other receivables		1,404,446,938.08	1,333,103,510.85
Including: dividends receivable		260,014.64	260,014.64
△ Buying back the sale of financial assets		1,462,500,000.00	1,755,000,000.00
Inventories		13,979,785,613.96	10,976,748,415.55
Including: raw materials		5,012,097,139.95	3,645,603,552.75
Merchandise inventories (finished goods)		134,522,822.16	137,250,395.45
☆ Contract assets		8,917,804,922.82	7,736,963,131.45
Held-for-sale assets			
Current portion of non-current assets		364,577,203.79	337,633,475.40
Other current assets		3,097,682,912.24	3,044,888,178.25
Total current assets		<u>62,437,909,753.92</u>	<u>60,626,585,688.76</u>

CONSOLIDATION BALANCE SHEET (CONTINUED)

Harbin Electric Company Limited. *(Apart from special notes: the unit of amount is RMB)*

Items	Notes	June 30, 2024	December 31, 2023
Non-current assets:		–	–
△ Loans and advances issued		3,900,000.00	
☆ Debt investments			
Available-for-sale financial assets			
☆ Other debt investments		299,639,400.00	299,639,400.00
Held-to-maturity investments			
Long-term receivables		541,865,096.63	554,310,723.29
Long-term equity investments		900,402,389.92	856,602,278.38
☆ Other equity instruments investments		683,950,871.16	677,013,691.76
☆ Other non-current financial assets			
Investment property		192,745,413.32	161,372,063.62
Fixed assets		4,848,050,329.03	4,995,478,509.62
Including: Original value of fixed assets		14,429,273,933.63	14,373,767,739.57
Accumulated depreciation		9,533,568,554.35	9,330,672,843.67
Fixed assets depreciation reserves		47,655,050.25	47,708,685.42
Construction in progress productive		920,770,699.87	652,740,245.51
Biological assets			
Oil and gas assets			
☆ The right-of-use assets		13,156,552.81	12,392,431.86
Intangible assets		897,999,279.73	937,852,963.06
Development disbursements		154,023,006.52	132,539,393.71
Goodwill		34,516,403.61	34,516,403.61
Long-term deferred expenses		3,815,721.07	4,444,917.10
Deferred tax assets		626,116,054.70	625,356,125.13
Other non-current assets		755,261,937.60	726,109,437.30
Including: authorised reserve material			
Total non-current assets		<u>10,876,213,155.97</u>	<u>10,670,368,583.95</u>
Total assets		<u>73,314,122,909.89</u>	<u>71,296,954,272.71</u>

CONSOLIDATION BALANCE SHEET (CONTINUED)

Harbin Electric Company Limited. *(Apart from special notes: the unit of amount is RMB)*

Items	Notes	June 30, 2024	December 31, 2023
Current liabilities:			
Short-term borrowings		3,445,785,750.26	3,285,133,158.88
△ 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		5,729,095,210.80	6,146,285,172.11
Accounts payable	12	18,076,594,919.02	16,202,261,315.59
Advances from customers		10,199,937.29	5,828,487.77
☆ Contract liabilities		24,754,499,728.98	23,127,922,261.64
△ Securities sold under agreement to repurchase			
△ Deposits and placements from other financial institutions		942,306,724.18	1,149,795,320.33
△ Securities brokering			
△ Securities underwriting			
Employee benefits payable		503,764,289.30	803,131,335.59
Including: salary payable		192,547,441.64	435,130,258.92
Welfare benefits payable			
#Employee bonus and welfare fund			
Taxes and surcharges payable		360,200,068.31	522,750,044.00
Including: taxes payable excluding surcharges		331,640,572.75	495,440,387.78
Other payables		503,559,544.09	499,208,747.36
Including: dividends payable		119,059,517.25	2,773,165.24
△ Fees and commissions payable			
△ Reinsurance amounts payable			
Held-for-sale liabilities			
Current portion of non-current liabilities		1,111,131,292.04	1,114,672,500.76
Other current liabilities		8,365,557.98	12,381,749.42
Total current liabilities		<u>55,445,503,022.25</u>	<u>52,869,370,093.45</u>

CONSOLIDATION BALANCE SHEET (CONTINUED)

Harbin Electric Company Limited. *(Apart from special notes: the unit of amount is RMB)*

Items	<i>Notes</i>	June 30, 2024	December 31, 2023
Non-current liabilities:		–	–
△ Reserve of insurance contract			
Long-term borrowings		1,043,998,877.31	1,747,981,728.52
Bonds payable			
including: preferred stocks			
perpetual debts			
☆ Lease liabilities		10,378,541.73	11,007,012.24
Long-term payable		21,906,744.24	51,708,704.04
Long-term employee benefits payable		319,213,322.69	319,894,911.90
Provisions		1,226,488,003.13	1,436,167,546.71
Deferred income		165,901,212.35	179,966,632.50
Deferred tax liabilities		6,576,303.68	6,576,303.68
Other non-current liabilities		99,604,846.89	86,485,747.09
Including: authorized reserve fund			
		<hr/>	<hr/>
Total non-current liabilities		2,894,067,852.02	3,839,788,586.68
		<hr/> <hr/>	<hr/> <hr/>
Total liabilities		58,339,570,874.27	56,709,158,680.13
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CONSOLIDATION BALANCE SHEET (CONTINUED)

Harbin Electric Company Limited. *(Apart from special notes: the unit of amount is RMB)*

Items	Notes	June 30, 2024	December 31, 2023
Equity:		–	–
Paid-in capital		2,236,276,000.00	2,236,276,000.00
State-owned capital			
State-owned legal person's capital		1,560,705,000.00	1,560,705,000.00
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		2,236,276,000.00	2,236,276,000.00
Other equity instruments			
Including: Preferred stock			
Perpetual debt			
Capital reserve		5,491,563,058.67	5,496,802,270.69
Less: treasury shares			
Other comprehensive income		-146,163,074.04	-128,370,784.80
Including: Currency translation			
reserve		-5,342,597.84	-6,581,764.03
Specialized reserve		57,266,173.29	47,489,368.36
Surplus reserve		956,816,359.27	956,816,359.27
Including: statutory surplus reserve		898,564,197.51	898,564,197.51
Other surplus reserve		58,252,161.76	58,252,161.76
#Reserve fund			
#Corporate development			
fund			
#Return of investment			
△ General risk reserve			
Retained earnings		5,662,070,005.87	5,255,688,935.55

CONSOLIDATION BALANCE SHEET (CONTINUED)

Harbin Electric Company Limited. *(Apart from special notes: the unit of amount is RMB)*

Items	Notes	June 30, 2024	December 31, 2023
Equity attributable to parent company		14,257,828,523.06	13,864,702,149.07
* Minority interests		<u>716,723,512.56</u>	<u>723,093,443.51</u>
Total owner's equity		<u>14,974,552,035.62</u>	<u>14,587,795,592.58</u>
Total liabilities and owner's equity		<u>73,314,122,909.89</u>	<u>71,296,954,272.71</u>

Corporate representative:

Chief Accountant:

Accounting Supervisor:

CONSOLIDATION INCOME STATEMENTS

Harbin Electric Company Limited. *(Apart from special notes: the unit of amount is RMB)*

Items	Notes	Current Period	Prior Period
1. Revenue		17,260,636,497.03	13,763,822,101.53
Including: operating revenue	3	17,043,456,548.40	13,570,864,838.58
△Interest income		217,179,948.63	192,957,262.95
△Premium earned			
△Fees and commissions income			
2. Total cost		16,640,870,337.70	13,535,960,537.64
Including: operating cost		15,095,612,044.43	12,116,654,139.57
△Interest expenses		6,773,783.30	3,204,427.14
△Fees and commissions expenses		23,542.84	46,177.91
△Cash surrender amount			
△Net expenses of claim settlement			
△Net provisions for insurance reserves			
△Policy dividend expenses			
△Reinsurance expenses			
Taxes and surcharges		66,711,084.29	78,784,600.20
Selling expenses		253,579,762.53	267,460,253.16
Administrative expenses	4	658,448,508.09	627,753,050.19
Research and development expenses		413,244,085.73	350,755,734.82
Financial expenses		146,477,526.49	91,302,154.65
Including: interest expenses		78,377,903.38	120,303,704.46
Interest income		13,189,495.14	8,095,881.87
Net exchange loss (“-” for net proceeds)		61,323,866.39	-48,440,643.75
Other costs and expenses			

CONSOLIDATION INCOME STATEMENTS (CONTINUED)

Harbin Electric Company Limited. *(Apart from special notes: the unit of amount is RMB)*

Items	Notes	Current Period	Prior Period
Add: Other income		73,253,275.19	60,068,677.92
Investment income (“-” for loss)		65,674,968.12	9,404,350.59
Including: investment income from associates and joint ventures		43,991,352.45	4,012,231.44
☆ Income from derecognition of financial assets at amortised cost			
△ Gain on foreign exchange (“-” for loss)		223,139.23	7,305.15
☆ Net exposure hedging returns (“-” for losses)			
Gain from fair-value changes (“-” for loss)			
☆ Credit losses (“-” for loss))	5	15,629,160.48	29,824,106.66
Impairment on assets (“-” for loss)	6	-81,952,055.36	-222,034,440.89
Proceeds from asset disposal (“-” for loss)		2,273,384.10	215,411.63
3. Operating profits (“-” for loss)		694,868,031.09	105,346,974.95
Add: non-operating income		6,202,368.44	74,503,689.18
Including: Government grants		42,982.85	5,194.39
Less: non-operating expenses		10,589,071.52	7,035,126.99
4. Profit before tax (“-” for loss)		690,481,328.01	172,815,537.14
Less: income tax	10	149,407,695.17	68,415,130.06

CONSOLIDATION INCOME STATEMENTS (CONTINUED)

Harbin Electric Company Limited. *(Apart from special notes: the unit of amount is RMB)*

Items	Notes	Current Period	Prior Period
5. Net profit (“-” for net loss)		541,073,632.84	104,400,407.08
(1) By ownership			
Net profit attributable to parent company		522,667,422.32	84,889,971.05
*Profit/loss attributable to minority share-holders		18,406,210.52	19,510,436.03
(2) By going concern basis			
Continuous operating profit and loss		541,073,632.84	104,400,407.08
Termination of the business profit and loss			
6. Other comprehensive income after tax		-17,792,289.24	-295,431,646.88
Other comprehensive income after tax attributable to parent company		-17,792,289.24	-295,431,646.88
(1) Comprehensive income not to be reclassified as profit or loss		-7,880,220.60	-134,357,761.23
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			
☆ 3. Net gain on equity instruments at fair value through other comprehensive income		-7,880,220.60	-134,357,761.23
☆ 4. Fair value changes in enterprise’s own credit risk			
5. Others			

CONSOLIDATION INCOME STATEMENTS (CONTINUED)

Harbin Electric Company Limited. *(Apart from special notes: the unit of amount is RMB)*

Items	Notes	Current Period	Prior Period
(2) Other comprehensive income to be reclassified as profit or loss		-9,912,068.64	-161,073,885.65
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		-11,151,234.83	-157,915,300.84
8. Currency translation reserve		1,239,166.19	-3,158,584.81
9. Other profit or loss to be reclassified			
* Other comprehensive income after tax attributable to minority share-holders			

CONSOLIDATION INCOME STATEMENTS (CONTINUED)

Harbin Electric Company Limited. *(Apart from special notes: the unit of amount is RMB)*

Items	Notes	Current Period	Prior Period
7. Total comprehensive income		523,281,343.60	-191,031,239.80
Total comprehensive income attributable to parent company		504,875,133.08	-210,541,675.83
* Total consolidated income attributable to minority share-holders		18,406,210.52	19,510,436.03
8. Earnings per share:			
Basic earnings per share	9	0.23	0.05
Diluted earnings per share	9	0.23	0.05

Corporate representative:

Chief Accountant:

Accounting Supervisor:

CONSOLIDATION CASH FLOW STATEMENT

Harbin Electric Company Limited. *(Apart from special notes: the unit of amount is RMB)*

Items	Notes	Current Period	Prior Period
1. Cash flows from operating activities:		–	–
Cash received from sales and services		19,520,528,773.72	17,460,424,872.49
△Net increase in deposits and placements from financial institutions		-207,488,596.15	-226,470,289.46
△Net increase in due to central banks			
△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		159,132,169.69	143,464,367.52
△Net increase of placement from banks and other financial institutions			
△Net increase in repurchasing securities		300,000,000.00	-400,000,000.00
Taxes and surcharges refunds		183,889,756.82	63,556,039.23
Other cash receipts related to operating activities		<u>1,083,355,456.58</u>	<u>605,554,205.26</u>
Total cash inflows from operating activities		<u>21,039,417,560.66</u>	<u>17,646,529,195.04</u>

CONSOLIDATION CASH FLOW STATEMENT (CONTINUED)

Harbin Electric Company Limited. *(Apart from special notes: the unit of amount is RMB)*

Items	Notes	Current Period	Prior Period
Cash paid for goods and services		18,027,909,009.62	13,338,955,050.96
△Net increase in loans and advances		3,900,000.00	-377,781,081.22
△Net increase in deposits with central banks and other financial institutions		67,729,863.07	66,385,578.28
△Cash paid for claim settlements on original insurance contracts			
△Net increase of due from banks and other financial institutions		600,000,000.00	
△Cash paid for interest, fees and commissions		2,516,961.65	2,281,487.46
△Cash paid for policy dividends			
Cash paid to and for employees		1,402,549,110.39	1,302,683,475.43
Taxes and surcharges cash payments		575,160,064.85	780,663,854.53
Other cash payments related to operating activities		1,789,800,319.81	1,211,166,192.14
Total cash outflows from operating activities		22,469,565,329.39	16,324,354,557.58
Net cash flows from operating activities		-1,430,147,768.73	1,322,174,637.46

CONSOLIDATION CASH FLOW STATEMENT (CONTINUED)

Harbin Electric Company Limited. *(Apart from special notes: the unit of amount is RMB)*

Items	Notes	Current Period	Prior Period
2. Cash flows from investing activities:		–	–
Cash received from withdraw of investments		1,200,000,000.00	585,669,693.39
Cash received from investment income		7,812,364.21	2,349,267.69
Net cash received from disposal of fixed assets,intangible assets and other long-term assets		5,767,400.00	2,970,905.76
Net cash received from disposal of subsidiaries and other business units			
Other cash receipts related to investing activities		947,537.23	3,853,540.97
Total cash inflows from investing activities		1,214,527,301.44	594,843,407.81
Cash paid for fixed assets,intangible assets and other long-term assets		582,090,642.83	425,654,336.40
Cash payments for investments		634,763,129.56	400,407,200.00
△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			
Total cash outflows from investing activities		1,216,853,772.39	913,735,148.40
Net cash flows from investing activities		-2,326,470.95	-318,891,740.59

CONSOLIDATION CASH FLOW STATEMENT (CONTINUED)

Harbin Electric Company Limited. *(Apart from special notes: the unit of amount is RMB)*

Items	Notes	Current Period	Prior Period
3. Cash flows from financing activities:		–	–
Cash received from investments by others			14,666,520.00
Including: cash received by subsidiaries from minority shareholders' investments			
Cash received from borrowings		530,521,394.92	1,130,464,608.16
Other cash receipts related to other financing activities		119,164,845.15	
Total cash inflows from financing activities		649,686,240.07	1,145,131,128.16
Cash repayments for debts		1,226,164,164.53	1,057,424,723.53
Cash payments for distribution of dividends, profit and interest expenses		83,234,952.43	117,917,596.69
Including: dividends or profit paid by subsidiaries to minority shareholders		650,000.00	3,230,729.26
Other cash payments related to financing activities		16,311,186.33	8,638,419.31
Total cash outflows from financing activities		1,325,710,303.29	1,183,980,739.53
Net cash flows from financing activities		-676,024,063.22	-38,849,611.37

CONSOLIDATION CASH FLOW STATEMENT (CONTINUED)

Harbin Electric Company Limited. *(Apart from special notes: the unit of amount is RMB)*

Items	Notes	Current Period	Prior Period
4. Effect of foreign exchange rate changes on cash and cash equivalents		-57,414,204.55	12,228,747.81
5. Net increase in cash and cash equivalents		-2,165,912,507.45	976,662,033.31
Add: beginning balance of cash and cash equivalents		17,364,232,108.35	16,291,936,468.18
6. Ending balance of cash and cash equivalents		15,198,319,600.90	17,268,598,501.49

Corporate representative:

Chief Accountant:

Accounting Supervisor:

CONSOLIDATION STATEMENTS OF CHANGES IN EQUITY

Harbin Electric Company Limited.

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

Items	Current period										Total owner's equity		
	Equity attributable to parent company												
	Paid-in capital	Preferred stock	Other equity instruments	Capital reserve	Less: treasury shares	Other comprehensive income	Specialized reserve	Surplus reserve	△ General risk provision	Retained earnings	Subtotal	Minority interests	
1. Ending balance of last year	2,236,276,000.00	-	-	5,496,802,270.69	-	-128,370,784.80	47,489,368.36	956,816,359.27	-	5,255,688,935.55	13,864,702,149.07	723,093,443.51	14,587,995,592.58
Add: increase/decrease due to changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase/decrease due to corrections of errors in Prior Period	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Beginning balance of current year	2,236,276,000.00	-	-	5,496,802,270.69	-	-128,370,784.80	47,489,368.36	956,816,359.27	-	5,255,688,935.55	13,864,702,149.07	723,093,443.51	14,587,995,592.58
3. Increase/decrease for current year "±" for decrease													
(1) Total comprehensive income				-5,239,212.02		-17,792,289.24	9,776,804.93			406,381,070.32	393,126,373.99	-6,369,930.95	386,756,443.04
(2) Owner's contributions and withdrawals of capital						-17,792,289.24				522,667,422.32	504,875,133.08	18,406,210.52	523,281,343.60
1. Common stock contributed by owners													
2. Capital contributed by other equity instruments holders													
3. Share-based payment recorded in owner's equity													
4. Others													
(3) Accrual and utilization of specialized reserve													
1. Accrual of specialized reserve													
2. Utilization of specialized reserve													
(4) Profits distribution													
1. Appropriation of surplus reserve													
Including: statutory surplus reserve													
Discretionary surplus reserve													
Reserve fund													
Corporate development fund													
Return of investment													
2. Accrual of general risk reserve													
3. Distribution to owner/shareholder													
4. Others													
(5) Transfer within owner's 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. Ending balance of current year	2,236,276,000.00	-	-	5,491,563,058.67	-	-146,163,074.04	57,266,173.29	956,816,359.27	-	5,662,070,005.87	14,257,828,523.06	716,723,512.56	14,974,552,035.62

Corporate representative:

Chief Accountant:

Accounting Supervisor:

CONSOLIDATION STATEMENTS OF CHANGES IN EQUITY

Harbin Electric Company Limited.

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

Items	Prior period										Total owner's equity		
	Equity attributable to parent company												
	Paid-in capital	Preferred stock	Other equity instruments	Capital reserve	Less: treasury shares	Other comprehensive income	Specialized reserve	Surplus reserve	△ General risk provision	Retained earnings	Subtotal	Minority interests	
1. Ending balance of last year	1,706,523,000.00	-	-	4,338,736,992.12	-	49,765,047.57	45,479,801.06	888,849,702.10	-	4,698,595,292.71	11,727,949,833.56	645,912,117.38	12,373,861,952.94
Add: increase/decrease due to changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase/decrease due to corrections of errors in Prior Period	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Beginning balance of current year	1,706,523,000.00	-	-	4,338,736,992.12	-	49,765,047.57	45,479,801.06	888,849,702.10	-	4,698,595,292.71	11,727,949,833.56	645,912,117.38	12,373,861,952.94
3. Increase/decrease for current year *-* for decrease													
(1) Total comprehensive income						-295,431,646.88	7,801,853.30			84,890,551.54	-202,739,242.04	63,624,623.29	-139,114,618.75
(2) Owner's contributions and withdrawals of capital						-295,431,646.88				84,890,551.54	-210,541,095.34	19,510,436.03	-191,030,659.31
1. Common stock contributed by owners													
2. Capital contributed by other equity instruments holders													
3. Share-based payment recorded in owner's equity													
4. Others													
(3) Accrual and utilization of specialized reserve													
1. Accrual of specialized reserve													
2. Utilization of specialized reserve													
(4) Profits distribution													
1. Appropriation of surplus reserve													
Including: statutory surplus reserve													
Discretionary surplus reserve													
Reserve fund													
Corporate development fund													
Return of investment													
2. Accrual of general risk reserve													
3. Distribution to owner/shareholder													
4. Others													
(5) Transfer within owner's 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. Ending balance of current year	1,706,523,000.00	-	-	4,338,736,992.12	-	245,666,599.31	53,281,654.36	888,849,702.10	-	4,783,485,844.25	11,525,210,593.52	709,536,740.67	12,234,747,334.19

Corporate representative:

Chief Accountant:

Accounting Supervisor:

1. INFORMATION ABOUT THE COMPANY

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.

2. MAIN ACCOUNTING POLICIES

Unless the financial instruments are measured at fair value, the consolidated financial statements are measured by historical cost method.

The accounting policies and calculation methods adopted in the consolidated financial statements as at 30 June 2024 are in line with the compilation of the annual financial statements of the Company for the year ended 31st December, 2023

3. INCOMES AND DIVISION’S DOCUMENTS

1) Basis of reporting division and accounting policy

The company confirmed six reports’ division which was based on inter-corporation structure and corporate governance as following: Thermal power host equipment division, hydropower stations in the host equipment division, engineering services division, power plant auxiliary and supporting products, nuclear power products division, ac/dc motor and others. 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.

2) Report Division Financial Information

(1) Divisional financial information in January 1, 2024 to June 30, 2024

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	11,833,871,813.73	500,275,021.05	2,357,843,776.55	5,465,803,992.45	-2,897,158,106.75	17,260,636,497.03
Including: external transaction income	9,607,496,888.28	500,275,021.05	2,146,112,730.42	5,006,751,857.28		17,260,636,497.03
Segments transaction income	2,226,374,925.45		211,731,046.13	459,052,135.17	-2,897,158,106.75	
(II) Income on investment in joint ventures and joint ventures	25,827,323.02	1,090,985.54	5,146,988.24	11,926,055.65		43,991,352.45
(III) Impairment on assets	-48,114,051.70	-2,032,410.97	-9,588,390.48	-22,217,202.21		-81,952,055.36
(IV) Credit losses	2,889,592.00	122,060.78	575,851.24	1,334,301.46	10,707,355.00	15,629,160.48
(V) Depreciation and amortization charges	274,762,151.40	11,606,372.60	54,755,870.74	126,874,500.49	-389,382.69	467,609,512.54
(VI) Total profit	573,076,000.66	24,207,604.87	114,205,232.63	264,624,261.25	-285,631,771.40	690,481,328.01
(VII) Income tax expense	87,717,257.83	3,705,310.84	17,480,700.33	40,504,426.17		149,407,695.17
(VIII) Net profit	485,358,742.83	20,502,294.03	96,724,532.30	224,119,835.08	-285,631,771.40	541,073,632.84
(IX) Total assets	66,442,264,464.81	2,806,622,651.55	13,240,921,380.31	30,680,459,711.15	-39,856,145,297.93	73,314,122,909.89
(X) Total liabilities	51,078,119,251.25	2,157,617,709.81	10,179,083,550.33	23,585,893,593.96	-28,661,143,231.08	58,339,570,874.27

(2) 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	392,499,209.68
(VI) Total profit	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

4. ADMINISTRATIVE EXPENSES

For the six months ended 30 June 2024, the amount of management expenses was RMB658,448,508.09 (for the six months ended June 30, 2023, the amount of management expenses was RMB627,753,050.19). Mainly for labor costs, depreciation and amortization expenses, etc.

5. CREDIT IMPAIRMENT LOSSES

Items	January to June in 2024	January to June in 2023
Bad debt loss	15,629,160.48	29,824,106.66
Total	15,629,160.48	29,824,106.66

6. IMPAIRMENT ON ASSETS

Items	January to June in 2024	January to June in 2023
Inventory price loss	-7,373,314.31	-20,048,274.85
Impairment loss of Contract asset	-74,578,741.05	-201,975,817.49
Fixed asset impairment loss		-10,348.55
Total	-81,952,055.36	-222,034,440.89

7. PROFIT BEFORE TAX AND AMORTIZATION DEPRECIATION

Items	January to June in 2024
Net profit	541,073,632.84
Income tax expenses	149,407,695.17
Withdrawing depreciation of fixed assets	444,609,527.72
Withdrawing amortization intangible assets	23,389,367.52
Withdrawing amortization of long-term deferred expenses	973,996.90
Interests and investment income	78,506,556.78
Interests income of finance company	217,179,948.63
Interests expenses	78,368,104.12
Interests expenses of finance company	6,773,783.30
Profit before tax and amortization depreciation	948,909,602.16

8. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024.

AS of 31 December 2023, the dividend pershare was RMB0.052.

9. EARNINGS PER SHARE

Items	January to June in 2024	January to June in 2023
Net profit attributable to common shareholders of the Company	522,667,422.32	84,889,971.05
Weighted average number of ordinary shares outstanding during the period	2,236,276,000.00	1,706,523,000.00
Earnings per share	0.23	0.05

10. INCOME TAX

1) Corporate Income Tax

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 October 2023, the Company obtained the High and New Technology Enterprise certificate (Number: GR202323000783) 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, 2024: 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, 2024: 25%) Chinese corporate income tax is paid.

2) Hong Kong profits tax

The Group did not earn any income subject to Hong Kong Profits Tax from January to June 2024. Therefore, no provision for Hong Kong Profits Tax has been made.

- 3) 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.

11. ACCOUNTS RECEIVABLE

(1) Accounts receivable shown by classification

Type	30 June, 2024				31 December, 2023			
	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	1,519,588,405.98	13.31	899,380,745.56	59.19	2,001,911,361.77	17.38	982,578,676.02	49.08
Accounts receivable accruing bad debt provision in credit risk characteristic portfolio	9,898,440,575.86	86.69	3,472,707,285.75	35.08	9,516,708,949.04	82.62	3,374,817,040.61	35.46
Total	11,418,028,981.84	-	4,372,088,031.31	-	11,518,620,310.81	-	4,357,395,716.63	-

(2) Accounts receivable individually accruing bad debt provision

Debtor	Accounts receivable	Bad debt provision	Percentage (%)	Reason
Harbin Guanghan Power Technology Development Co., Ltd	336,010,000.00	57,093,406.24	16.99	Judging by future recyclability
The 703rd Research Institute of China State Shipbuilding Corporation	317,600,996.90	53,281,505.00	16.78	Judging by future recyclability
Ministry of Water Resources and Irrigation of the Republic of Sudan	281,793,007.71	281,793,007.71	100.00	Judging by future recyclability
Coastal Energy Corporation of India	136,211,823.71	136,211,823.71	100.00	Judging by future recyclability
Kolin company, owner of the Speedhorse project in Turkey	75,487,005.87	8,008,780.20	10.61	Judging by future recyclability
Linyi Hengxin Energy Group Co., Ltd	69,139,000.00	69,139,000.00	100.00	Judging by future recyclability
Sudan National Electricity Company	55,587,828.73	55,587,828.73	100.00	Judging by future recyclability
Sudan Power Dam Department	39,569,768.39	39,569,768.39	100.00	Judging by future recyclability
Yunnan Huadian Zhenxiong Power Generation Co., Ltd	34,000,000.00	34,000,000.00	100.00	Judging by future recyclability
Datang Environmental Industry Group Co., Ltd. Leizhou Project Branch	27,384,367.22	25,986,367.22	94.89	Judging by future recyclability
PowerChina Shandong Electric Power Construction Co., Ltd	17,500,000.00	17,500,000.00	100.00	Judging by future recyclability
Inner Mongolia Hongyu Technology Co., Ltd	17,479,632.85	17,479,632.85	100.00	Judging by future recyclability

Debtor	Accounts receivable	Bad debt provision	Percentage (%)	Reason
Sudan Dam Department Thermal Power Company	16,226,569.77	16,226,569.77	100.00	Judging by future recyclability
Ordos Green Energy Optoelectronics Co., Ltd	8,420,000.00	8,420,000.00	100.00	Judging by future recyclability
Yunnan Kenfeng Agricultural Machinery Equipment Co., Ltd	7,975,437.26	7,975,437.26	100.00	Judging by future recyclability
Datong Coal Mine Group Shuozhou Coal and Power Co., Ltd	6,118,528.00	6,118,528.00	100.00	Judging by future recyclability
Beijing Huafu Engineering Co., Ltd	4,727,200.00	4,727,200.00	100.00	Judging by future recyclability
Inner Mongolia Chuangyuan Metal Co., Ltd	4,503,260.07	3,910,260.07	86.83	Judging by future recyclability
Others	63,853,979.50	56,351,630.41	88.25	Judging by future recyclability
Total	<u>1,519,588,405.98</u>	<u>899,380,745.56</u>		

(3) **Accounts receivable accruing bad debt provision in credit risk characteristic portfolio**

Accounts receivables accruing bad debt provision by applying aging analysis:

Age	30 June, 2024			31 December, 2023		
	Amount	Bad debt Provision	Percentage (%)	Amount	Bad debt Provision	Percentage (%)
Within one year	4,057,198,097.49	329,462,350.50	8.12	4,273,253,210.83	211,685,577.58	4.95
One to two years	2,040,442,550.36	530,193,626.24	25.98	1,609,775,648.45	397,731,007.43	24.71
Two to three years	980,724,049.39	524,879,801.23	53.52	1,012,387,350.16	490,402,864.02	48.44
Over three years	2,820,075,878.62	2,088,171,507.78	74.05	2,621,292,739.60	2,274,997,591.58	86.79
Total	<u>9,898,440,575.86</u>	<u>3,472,707,285.75</u>	-	<u>9,516,708,949.04</u>	<u>3,374,817,040.61</u>	-

12. ACCOUNTS PAYABLE

Items	30 June, 2024	31 December, 2023
Within 1 year	13,632,590,154.60	9,958,348,393.50
1-2 years	2,451,876,389.38	4,510,840,294.16
2-3 years	860,378,512.11	836,619,752.62
Over 3 years	1,131,749,862.93	896,452,875.31
Total	<u>18,076,594,919.02</u>	<u>16,202,261,315.59</u>

INDUSTRY DEVELOPMENT AND BUSINESS REVIEW

In the first half of 2024, the national economy operated generally stable while making progress, new kinetic energy accelerated and new progress was made in high-quality development. In terms of the power industry, the national power supply was safe and stable, power consumption was growing steadily and rapidly, power supply and demand were generally balanced, and the green and low-carbon transformation of power continued to advance.

In the first half of 2024, the installed power capacity continued the trend of green and low-carbon development, China's newly installed power generation capacity reached 153 million kilowatts, representing a year-on-year increase of 18.78 million kilowatts, of which newly installed non-fossil energy power generation capacity reached 136 million kilowatts, accounting for 89% of the newly installed generation capacity in total. As of 30 June 2024, the total installed capacity of power generation on a consolidated basis in China was 3.07 billion kilowatts, representing a year-on-year increase of 14.1%, of which coal power was 1.17 billion kilowatts, representing a year-on-year increase of 2.5%, accounting for 38.1% of the total installed power generation capacity; the installed non-fossil energy power generation capacity reached 1.71 billion kilowatts, representing a year-on-year increase of 24.2%, accounting for 55.7% of the total installed capacity.

In the first half of 2024, with the joint efforts of all staff and closely focusing on the annual work arrangement, the Company better coordinated development and safety, and comprehensively deepened the improvement of quality and efficiency. The operating income continued to grow year-on-year, and the net profit attributable to owners of the parent company increased significantly compared with the same period last year. The market orders for major products maintained a good level, and the business development made steady progress.

OPERATING RESULTS

For the six months ended 30 June 2024, the Company recorded an operating revenue of RMB17,043.46 million, representing an increase of 25.59% as compared with the same period last year. The Company recorded a net profit attributable to owners of the parent company of RMB522.67 million, representing an increase of 515.70% as compared with the same period last year. Earnings per share were RMB0.23, representing an increase of RMB0.18 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 RMB14,257.83 million, representing an increase of RMB393.13 million over the beginning of the year; and net assets per share were RMB6.38, representing an increase of RMB0.18 over the beginning of the year.

NEW CONTRACTS

For the six months ended 30 June 2024, the amount of formal contracts signed of the Company realized RMB26.025 billion, representing a year-on-year decrease of 20.13%, of which new-type power equipment amounted to RMB19.466 billion, representing a year-on-year increase of 2.84% (including RMB10.834 billion and a year-on-year decrease of 6.85% for coal power equipment, RMB4.466 billion and a year-on-year increase of 16.91% for hydropower equipment, RMB3.057 billion and a year-on-year increase of 19.98% for nuclear power equipment); green and low carbon driven equipment amounted to RMB623 million, representing a year-on-year decrease of 52.73%; clean and efficient industrial system amounted to RMB2.678 billion, representing a year-on-year decrease of 24.14%; EPC and trading amounted to RMB282 million, representing a year-on-year decrease of 95.13%; and modern manufacturing and service industry amounted to RMB2.976 billion, representing a year-on-year decrease of 1.33%.

For the six months ended 30 June 2024, the value of export contracts by the Company amounted to RMB1.136 billion, representing a year-on-year decrease of 84.57%.

The main reason for the decrease in the amount of formal contracts signed for green low-carbon drive equipment is that upon the transfer of 51% equity in Harbin Electric Power Equipment Company Limited* by the Company, the motor business orders were no longer included in the Company's orders; The reason for the decrease in the amount of formal contracts signed for EPC and trading is that the entry into force of EPC contracts is unbalanced, and there are no EPC projects in force at present.

PRODUCT OUTPUT

The capacity of the Company's power equipment produced during the six months ended 30 June 2024 was 14,470 MW, representing an increase of 12.8% as compared with the same period last year, and among which water turbine generators sets generated a total of 4,090 MW, representing an increase of 78.0% as compared with the same period last year; steam turbine generators generated a total of 10,380 MW, representing a decrease of 1.5% as compared with the same period last year; utility boilers for power stations generated a total of 3,110 MW, representing a decrease of 57.7% as compared with the same period last year, and steam turbines for power stations generated a total of 9,150 MW, representing an increase of 33.5% as compared with the same period last year.

OPERATING REVENUE AND COST

For the six months ended 30 June 2024, the Company recorded an operating revenue of RMB17,043.46 million, representing a year-on-year increase of 25.59% as compared with the same period last year. In particular, new-type power equipment was RMB9,607.50 million, representing a year-on-year increase of 43.35% (including RMB5,873.53 million and a year-on-year increase of 44.75% for coal power equipment, RMB1,355.95 million and a year-on-year increase of 15.36% for hydropower equipment, RMB1,515.71 million and a year-on-year increase of 18.66% for nuclear power equipment); green and low carbon driven equipment was RMB500.28 million, representing a year-on-year increase of 1.40%; clean and efficient industrial system was RMB2,146.11 million, representing a year-on-year increase of 18.50%; EPC and trading was RMB2,999.63 million, representing a year-on-year increase of 2.15%; and modern manufacturing and service industry was RMB1,574.85 million, representing a year-on-year increase of 4.71%.

The Company recorded an export turnover of RMB2,633.93 million, accounting for 15.45% of the operating revenue. The exports were mainly to Asia, accounting for 11.46% of the operating revenue and 74.18% of the export turnover.

The operating cost of the Company was RMB15,095.61 million, representing an increase of 24.59% as compared with the same period last year.

GROSS PROFIT AND GROSS PROFIT MARGIN

For the six months ended 30 June 2024, the Company realized a gross profit from operating business of RMB1,947.84 million, representing an increase of 33.95% as compared with the same period last year. The gross profit margin was 11.43%, representing an increase of 0.71 percentage point as compared with the same period last year. In particular, the gross profit from new-type power equipment was RMB952.06 million and the gross profit margin was 9.91%, representing a year-on-year increase of 2.27 percentage points (including RMB1,223.59 million, 21.38% and a year-on-year increase of 9.29 percentage points for coal power equipment, RMB133.38 million, 9.98% and a year-on-year increase of 1.13 percentage points for hydropower equipment, RMB16.30 million, 1.15% and a year-on-year increase of 4.69 percentage points for nuclear power equipment); the gross profit from green and low carbon driven equipment was RMB66.10 million and the gross profit margin was 13.21%, representing a year-on-year decrease of 0.89 percentage point; the gross profit from clean and efficient industrial system was RMB74.76 million and the gross profit margin was 3.48%, representing a year-on-year increase of 0.04 percentage point; the gross profit from EPC and trading was RMB128.36 million and the gross profit margin was 4.28%, representing a year-on-year increase of 0.12 percentage point; the gross profit from modern manufacturing and service industry was RMB762.64 million and the gross profit margin was 48.43%, representing a year-on-year increase of 3.09 percentage points.

The slight increase in the Company's gross profit margin was mainly due to the increase in gross profit of conventional hydroelectric and thermal products executed during the period as compared with the same period last year.

EXPENSES FOR THE PERIOD

For the six months ended 30 June 2024, the Company incurred expenses for the current period of RMB1,471.75 million, representing an increase of RMB134.48 million as compared with the same period last year. In particular, distribution expenses incurred amounted to RMB253.58 million, representing a decrease of RMB13.88 million as compared with the same period last year; administrative expenses incurred amounted to RMB658.45 million, representing an increase of RMB30.70 million as compared with the same period last year; R&D expenses incurred amounted to RMB413.24 million, representing an increase of RMB62.49 million as compared with the same period last year; financial costs incurred amounted to RMB146.48 million, representing an increase of RMB55.18 million as compared with the same period last year.

The significant increase in the Company's financial costs was mainly due to the exchange gains and losses resulting from the fluctuations in forward exchange settlement rate; and the significant increase in the Company's R&D expenses was mainly due to the continuous increase in investment in scientific and technological innovation of the Company.

ASSETS AND LIABILITIES

As at 30 June 2024, the total assets of the Company amounted to RMB73,314.12 million, representing an increase of RMB2,017.17 million or 2.83% over the beginning of the period, among which the current assets were RMB62,437.91 million, accounting for 85.16% of the total assets, and the non-current assets were RMB10,876.21 million, accounting for 14.84% of the total assets. The total liabilities of the Company amounted to RMB58,339.57 million, representing an increase of RMB1,630.41 million or 2.88% 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 RMB55,445.50 million, accounting for 95.04% of the total liabilities, and the non-current liabilities were RMB2,894.07 million, accounting for 4.96% of the total liabilities. As at 30 June 2024, the gearing ratio of the Company was 79.57%, representing a decrease of 2.78 percentage points as compared with the same period last year.

CAPITAL AND GEARING RATIO

As at 30 June 2024, the gearing ratio of the Company (calculated as non-current liabilities over total shareholders' equity) was 0.19:1 as compared to 0.26:1 at the beginning of the period.

MONETARY CAPITAL AND CASH FLOWS

As at 30 June 2024, the monetary capital of the Company was RMB16,336.96 million, representing a decrease of RMB2,340.36 million or 12.53% as compared to the beginning of the period. During the period, the net cash flow generated from operating activities of the Company was RMB-1,430.15 million, which was mainly due to the expansion of the production scale of its subsidiaries, which made large payments for purchases, outsourced processing and other operational payment for goods based on the production progress, while investing activities generated net cash flow of RMB-2.33 million and financing activities generated net cash flow of RMB-676.02 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 2024, the Company's total borrowings amounted to RMB5,600.92 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 RMB4,556.92 million, representing an increase of RMB157.11 million as compared with the beginning of the year; the borrowings repayable after one year amounted to RMB1,044.00 million, representing a decrease of RMB703.98 million as compared to the beginning of the year. As at 30 June 2024, the Company's contracted liabilities were RMB24,754.50 million, representing an increase of RMB1,626.58 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 2024, the Company had made fixed assets investments of RMB653.3590 million, which were mainly utilized for investment in technical measures and technical transformation for maintaining the normal production and operation of nuclear power industry layout capability guarantee project, pumped storage capacity enhancement project and state-level power generation equipment research centre R&D base construction project and subsidiaries. There is no significant change in the 2024 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 2024, the Company's deposits denominated in foreign currencies were equivalent to approximately RMB437.51 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.

USE OF FUND-RAISING PROCEEDS

As of 30 June 2024, the funds raised by the Company's domestic share subscription in 2017 (the "2017 Proceeds") remained unused at RMB96 million (the "Relevant Funds") for the nuclear power technology upgrade project. The Relevant Funds were originally planned to be fully used by 31 December 2023 and the projects have been clearly identified, however, based on the progress of the projects, the Relevant funds will be fully used by 31 December 2024.

The use of the 2017 Proceeds is as follows:

Intended use of the 2017 Proceeds	Intended use amount of the 2017 Proceeds <i>(RMB100 million)</i>	Amount of the 2017 Proceeds used <i>(RMB100 million)</i>	Remaining amount of the 2017 Proceeds <i>(RMB100 million)</i>	Intended use time
Gas turbine joint venture project	1.8	1.8	0	
Nuclear power technology upgrade project	4.86	3.9	0.96	By 31 December 2024
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	
Total	<u>12.67</u>	<u>11.71</u>	<u>0.96</u>	

As of 30 June 2024, RMB1,197 million of the funds raised by the Company's domestic share subscription in 2023 (the "2023 Proceeds") has been used, and the remaining RMB0.5 billion will be used for liquidity for the Company's daily operations in the next year in accordance with the plan.

The use of the 2023 Proceeds is as follows:

Intended use of the 2023 Proceeds	Intended use amount of the 2023 Proceeds <i>(RMB100 million)</i>	Amount of the 2023 <i>(RMB100 million)</i>	Remaining amount of the 2023 Proceeds <i>(RMB100 million)</i>	Intended use time
Ordinary administrative expenses and repayment of loans	1.97	1.97	0	
Replenishment of liquidity	15	10	5	By 31 December 2025
Total	<u>16.97</u>	<u>11.97</u>	<u>5</u>	

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.

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 for 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 Boiler Company Limited, Harbin Machinery Company Limited, Harbin Turbine Company Limited, Harbin Electric Corporation (QHD) Heavy 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

The Company has always placed scientific and technological innovation at the core of enterprise development, comprehensively planned and promoted scientific and technological innovation, accelerated the creation of new productive forces, and identified its position, value and role in serving the national strategies. The Company continued to integrate into the national scientific and technological innovation system, strengthened the construction of national-level scientific and technological innovation platforms, and built a complete, functional, flexible, synergistic and efficient scientific and technological innovation system; continuously increased the investment in scientific research, with an investment intensity of 3.6% in the first half of the year, strengthened the research and development of authentic and lead-edge technologies, and made solid progress in 9 key core technology research and development project tasks, 5 research and development tasks of innovation alliances of central enterprises, 17 major scientific and technological projects; deepened the openness and cooperation in scientific and technological innovation, successfully passed the acceptance of the ultra-low-load steady combustion scientific research platform and the flue gas molten salt thermal storage scientific research platform jointly constructed with Huairou Laboratory (懷柔實驗室), and entered into a strategic cooperation agreement with Laoshan Laboratory (嶗山實驗室) to join hands in serving the strategic task of “Transparent Ocean (透明海洋)”; and joined six innovation alliances of central enterprises, such as the new energy storage, to better carry out upstream and downstream research cooperation in the industry chain.

In the first half of 2024, both the world's largest single-unit capacity Zala 500MW impact hydroturbine model and the world's largest Yinjiang Hydropower Station through-flow unit runner with a diameter of 7.95 meters independently researched and developed by the Company successfully passed the acceptance; the assembly line of the first prototype of China's self-developed 300MW class F heavy-duty gas turbine, in which the Company participated in construction, were rolled off in Lingang, Shanghai; and the core components of the world's first 100,000-kilowatt dual-tower-in-one "solar thermal energy storage +" thermal absorber were manufactured and shipped. The Company signed a contract for 1 set of 300MW variable-speed pumped storage unit of Taian Phase II, the first (set) of major technical equipment project in the national energy field; won the bid for the first one million double-reheat Datang Leizhou unit blended biomass scientific and technological innovation project; won the bid for complete sets of heat exchanger system equipment of Jiangsu Guoxin Suyan (Huai'an) $2 \times 250\text{MW}/2 \times 1125\text{MW} \cdot \text{h}$ compressed air energy storage project; and won the bid for the 100MW molten salt linear Fresnel solar thermal project steam generator (SGS) system equipment of the "Solar Thermal +" project of Longyuan Power. Four achievements were selected for the "Recommended Catalog of Scientific and Technological Innovation Achievements of Central Enterprises (2023 Edition)" (《中央企業科技創新成果推薦目錄(2023年版)》); and three projects were successfully selected as one of the top ten scientific and technological innovations in the national power generation equipment industry in 2023.

EMPLOYEES, REMUNERATION, STOCK OPTION PLAN AND TRAINING

As at 30 June 2024, the Company has a total of 11,094 employees, and the total remuneration amounted to RMB959.92 million.

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

In the first half of 2024, there was no significant change in the Company's remuneration policy.

In the first half of 2024, the Company organized 482 classes in total for training and trained 21,527 persons.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024.

PROSPECTS

According to the forecast of China Electricity Council (CEC), the newly installed capacity in 2024 is basically equivalent to that of 2023, and by the end of 2024, China's installed power generation capacity is expected to reach approximately 3.3 billion kilowatts, representing a year-on-year increase of 13%. The installed capacity of non-fossil energy generating power will total to approximately 1.9 billion kilowatts, accounting for 57.5% of the total installed capacity. In particular, the total installed capacity of grid-connected wind power and solar power will reach approximately 1.35 billion kilowatts, accounting for more than 40% of the total installed capacity for the first time; and thermal power will reach 1.46 billion kilowatts, including 1.2 billion kilowatts of coal-fired power, accounting for less than 37% of the total installed capacity.

In the second half of 2024, the Company will continue to accelerate its transformation and upgrading in serving the national strategies, accelerate the development of new energy industries such as compressed air energy storage and photovoltaic power generation to better promote the development of pumped storage, clean and efficient coal power, fourth-generation nuclear power and other industries; accelerate the renewal and technological transformation of advanced equipment, build high-quality digitalization transformation projects, and accelerate the integration of intelligent operation and maintenance of power generation equipment; further improve quality and efficiency in playing an important role for stable growth, coordinate the management of lean cost, the improvement of comprehensive gross profit margin, and the reduction in gearing ratio, make every effort to seize the opportunities of high-quality orders, coordinate the development of key projects and equipment delivery, improve the contractual capacity, improve the reliability of the operating units, and comprehensively enhance the safety management capability and the level of intrinsic safety; pay close attention to the technology, quality, and service during the development of the new productive forces, insist on enhancing core competitiveness through technological innovation, establish a sound mechanism for the transformation of scientific and technological innovation achievements, and deepen the concept of user-centered service by strengthening quality source governance with scientific methods and approaches. technological innovation to enhance core competitiveness, establish and improve the mechanism for transforming scientific and technological innovation achievements, accelerate the construction of scientific research platforms and infrastructures such as hydraulic turbine laboratories, strengthen the governance of quality sources in a scientific way and method, deepen the concept of user-centeredness, and effectively carry out services throughout the entire process of project execution; and continue to inject strong momentum in deepening reform, comprehensively improve the level of marketization, legalization and internationalization, and strive to We will continue to inject strong impetus in deepening reform, comprehensively improve the level of marketization, legalization and internationalization, strive to improve the “four-in-one” risk management system of law, compliance, risk, and internal control, and intensify the reform of the market-oriented operation mechanism, focus on improving the level of lean management and deepen the reform, comprehensively stimulate the vitality and momentum, and improve the level of efficiency and effectiveness with better results in return for shareholders.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARE CAPITAL

As at 30 June 2024, the total number of share capital of the Company was 2,236,276,000 shares, including 1,560,705,000 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	1,560,705,000	Beneficial owner	100%	69.79%

Save as disclosed above, as at 30 June 2024, 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 2024, 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 2024, the Company had adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 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 2024, 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 2024, the guarantees provided by the Company to its subsidiaries and the guarantees between subsidiaries of the Company amounted to RMB1,306.77 million in aggregate. There was no external guarantee of the Company.

PLEDGE OF ASSETS

As at 30 June 2024, the Company pledged its assets of RMB84.88 million (as at 30 June 2023: RMB88.79 million) to secure loans for liquidity.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

For the accounting period ended 30 June 2024, the Company had been in compliance with the rules set out in the Corporate Governance Code contained in Appendix C1 of the Listing Rules, and, where appropriate, has adopted the recommended best practices as specified therein. The terms of office of the members of the ninth session of the Board and the ninth session of the supervisory committee of the Company expired on 28 January 2024, and the change in the composition of the new sessions of the Board and the supervisory committee was postponed, as Harbin Electric Corporation, the controlling shareholder of the Company, is still considering the candidates for the members of the new sessions of the Board and the supervisory committee; on 20 March 2024, Mr. Zhang Ying-jian has resigned as an executive Director due to job changes, and the number of the Board members has fallen below the quorum as required under the Articles of Association of the Company.

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 2024. Members of the Audit Committee of the Company include: Mr. Tang Zhi-hong, Mr. He Yu, Mr. Hu Jian-min, and Mr. Pan Qi-long.

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 2024 in accordance with the requirements of "China Certified Public Accountant Review Standard No. 2101 – Review of Financial Statement".

SHAREHOLDERS' MEETING

On 24 May 2024, 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 2024, the Company did not have any information which was required to be disclosed pursuant to Rules 40.3(a) to (i) under Appendix D2 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 2024 are available for inspection at the head office of the Company at 1399 Chuangxinyi Road, Songbei District, Harbin, the PRC.

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

Harbin, the PRC, 28 August 2024

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