



哈尔滨电气股份有限公司

HARBIN ELECTRIC COMPANY LIMITED

(Stock Code: 1133)

2025

INTERIM REPORT



# Contents

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## 2025 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 2025, which were prepared in accordance with the Chinese Enterprises Accounting Standard. Such operating results have not been audited but have been reviewed by ShineWing Certified Public Accountants LLP.

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

## INDUSTRY DEVELOPMENT AND BUSINESS REVIEW

In the first half of 2025, the overall operation of the Chinese economy remained stable and steadily improving, with stable growth in production demand and new driving forces. New progress was made in high-quality development, and the overall social situation remained stable. From the perspective of the power industry, China's power system operated safely and stably, with continuous green and low-carbon transformation of power supply, steady progress and improvement in power consumption, and overall balance of power supply and demand.

In the first half of 2025, China's newly installed power generation capacity reached 293.32 million kilowatts, representing a year-on-year increase of 140.56 million kilowatts, of which newly installed conventional hydropower installed capacity reached 1.10 million kilowatts, pumped storage capacity reached 2.83 million kilowatts, grid connected wind power installed capacity reached 51.39 million kilowatts, and grid connected solar power installed capacity reached 212.21 million kilowatts. The total newly installed capacity of wind power and solar power accounted for 89.9% of the newly installed power generation capacity in total. As of 30 June 2025, the total installed capacity of power generation on a consolidated basis in China was 3.65 billion kilowatts, of which thermal power was 1.47 billion kilowatts (including 1.21 billion kilowatts of coal power), hydropower was 0.44 billion kilowatts (including 61.29 million kilowatts of pumped storage capacity), nuclear power was 60.91 million kilowatts, grid connected wind power was 573 million kilowatts, and grid connected solar power was 1.10 billion kilowatts.

In the first half of 2025, the Company deeply studied and implemented the important speeches and instructions of the general secretary Xi Jinping, implemented the decisions and deployments of the Central Committee of the Communist Party of China, overcame difficulties, and worked hard together. We have achieved significant year-on-year improvements in operating revenue, profit, and formal contract signing amounts. Our business development has been steady with progress, and we have made new progress and achievements in all aspects of our work.

## OPERATING RESULTS

For the six months ended 30 June 2025, the Company recorded an operating revenue of RMB22,474.01 million, representing an increase of 31.86% as compared with the same period last year. The Company recorded a net profit attributable to owners of the parent company of RMB1,050.89 million, representing an increase of 101.06% as compared with the same period last year. Earnings per share were RMB0.47, representing an increase of RMB0.24 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 RMB16,122.70 million, representing an increase of RMB639.94 million over the beginning of the year; and net assets per share were RMB7.21, representing an increase of RMB0.29 over the beginning of the year.

## NEW CONTRACTS

For the six months ended 30 June 2025, the amount of formal contracts signed of the Company realized RMB35.561 billion, representing a year-on-year increase of 36.64%, of which new-type power equipment amounted to RMB19.195 billion, representing a year-on-year decrease of 1.39% (including RMB11.286 billion and a year-on-year increase of 4.17% for coal power equipment, RMB5.996 billion and a year-on-year increase of 34.26% for hydropower equipment, RMB0.867 billion and a year-on-year decrease of 71.64% for nuclear power equipment); green and low carbon driven equipment amounted to RMB376 million, representing a year-on-year decrease of 39.65%; clean and efficient industrial system amounted to RMB1.792 billion, representing a year-on-year decrease of 33.08%; EPC and trading amounted to RMB10.485 billion, representing a year-on-year increase of 3,618.09%; and modern manufacturing and service industry amounted to RMB3.713 billion, representing a year-on-year increase of 24.76%.

For the six months ended 30 June 2025, the value of export contracts by the Company amounted to RMB11.874 billion, representing a year-on-year increase of 945.25%.

The main reason for the decrease in the amount of formal contracts signed for nuclear power equipment is that the newly awarded projects have not yet taken effect and been executed due to the relatively long cycle of the projects; the reason for the significant increase in the amount of formal contracts signed for EPC and trading and exports orders is that the Company's large scale EPC projects in Saudi Arabia have taken effect and been executed while there were not any EPC projects in the same period last year.

## PRODUCT OUTPUT

The capacity of the Company's power equipment produced during the six months ended 30 June 2025 was 20,120 MW, representing an increase of 39.05% as compared with the same period last year, and among which water turbine generators sets generated a total of 4,640 MW, representing an increase of 13.45% as compared with the same period last year; steam turbine generators generated a total of 15,480 MW, representing an increase of 49.13% as compared with the same period last year; utility boilers for power stations generated a total of 1,300 MW, representing a decrease of 58.20% as compared with the same period last year, and steam turbines for power stations generated a total of 9,490 MW, representing an increase of 3.72% as compared with the same period last year.

## OPERATING REVENUE AND COST

For the six months ended 30 June 2025, the Company recorded an operating revenue of RMB22,474.01 million, representing a year-on-year increase of 31.86% as compared with the same period last year. In particular, new-type power equipment was RMB14,463.18 million, representing a year-on-year increase of 50.54% (including RMB9,507.21 million and a year-on-year increase of 61.87% for coal power equipment, RMB1,675.49 million and a year-on-year increase of 23.57% for hydropower equipment, RMB2,556.65 million and a year-on-year increase of 68.68% for nuclear power equipment); green and low carbon driven equipment was RMB170.76 million, representing a year-on-year decrease of 65.87%; clean and efficient industrial system was RMB2,259.32 million, representing a year-on-year increase of 5.28%; EPC and trading was RMB3,405.20 million, representing a year-on-year increase of 13.52%; and modern manufacturing and service industry was RMB1,994.57 million, representing a year-on-year increase of 26.65%.



The Company recorded an export turnover of RMB4,007.93 million, accounting for 17.83% of the operating revenue. The exports were mainly to Asia, accounting for 16.47% of the operating revenue and 92.36% of the export turnover.

The operating cost of the Company was RMB19,766.18 million, representing an increase of 30.82% as compared with the same period last year.

## GROSS PROFIT AND GROSS PROFIT MARGIN

For the six months ended 30 June 2025, the Company realized a gross profit from operating business of RMB2,707.83 million, representing an increase of 40.03% as compared with the same period last year. The gross profit margin was 12.05%, representing an increase of 0.70 percentage point as compared with the same period last year. In particular, the gross profit from new-type power equipment was RMB2,435.41 million and the gross profit margin was 16.84%, representing a year-on-year increase of 7.08 percentage points (including RMB1,678.13 million, 17.65% and a year-on-year decrease of 3.73 percentage points for coal power equipment, RMB231.65 million, 13.83% and a year-on-year increase of 3.85 percentage points for hydropower equipment, RMB425.97 million, 16.66% and a year-on-year increase of 15.51 percentage points for nuclear power equipment); the gross profit from green and low carbon driven equipment was RMB11.42 million and the gross profit margin was 6.69%, representing a year-on-year decrease of 6.53 percentage points; the gross profit from clean and efficient industrial system was RMB120.59 million and the gross profit margin was 5.34%, representing a year-on-year increase of 1.85 percentage points; the gross profit from EPC and trading was RMB-313.16 million and the gross profit margin was -9.20%, representing a year-on-year decrease of 13.48 percentage points, mainly due to the losses arising from the delay of certain projects, resulting in a significant decrease in gross profit in this period; the gross profit from modern manufacturing and service industry was RMB439.56 million and the gross profit margin was 22.04%, representing a year-on-year decrease of 26.39 percentage points, mainly due to the impact of product structure in current period, resulting in a decline in gross profit margin.

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

## EXPENSES FOR THE PERIOD

For the six months ended 30 June 2025, the Company incurred expenses for the current period of RMB1,575.27 million, representing an increase of RMB117.68 million as compared with the same period last year. In particular, distribution expenses incurred amounted to RMB238.98 million, representing a decrease of RMB0.45 million as compared with the same period last year; administrative expenses incurred amounted to RMB758.39 million, representing an increase of RMB99.94 million as compared with the same period last year; R&D expenses incurred amounted to RMB432.06 million, representing an increase of RMB18.82 million as compared with the same period last year; financial costs incurred amounted to RMB145.85 million, representing a decrease of RMB0.63 million as compared with the same period last year.

## ASSETS AND LIABILITIES

As at 30 June 2025, the total assets of the Company amounted to RMB80,410.03 million, representing an increase of RMB8,463.88 million or 11.76% over the beginning of the period, among which the current assets were RMB67,682.92 million, accounting for 84.17% of the total assets, and the non-current assets were RMB12,727.11 million, accounting for 15.83% of the total assets. The total liabilities of the Company amounted to RMB63,588.48 million, representing an increase of RMB7,832.19 million or 14.05% over the beginning of the period, which was mainly due to the increase in scale, resulting in the increase in notes payable, accounts payable and contract liabilities (advances from customers), among which the current liabilities were RMB61,406.12 million, accounting for 96.57% of the total liabilities, and the non-current liabilities were RMB2,182.37 million, accounting for 3.43% of the total liabilities. As at 30 June 2025, the gearing ratio of the Company was 79.08%, representing a decrease of 0.49 percentage point as compared with the same period last year.



## CAPITAL AND GEARING RATIO

As at 30 June 2025, the gearing ratio of the Company (calculated as non-current liabilities over total shareholders' equity) was 0.13:1 as compared to 0.16:1 at the beginning of the period.

## MONETARY CAPITAL AND CASH FLOWS

As at 30 June 2025, the monetary capital of the Company was RMB17,913.53 million, representing an increase of RMB1,864.70 million or 11.62% as compared to the beginning of the period. During the period, the net cash flow generated from operating activities of the Company was RMB3,192.09 million, representing a significant increase as compared to the same period of last year, which was mainly due to the fact that the Company has increased its efforts to recover payments and achieved positive results, while investing activities generated net cash flow of RMB-1,051.16 million and financing activities generated net cash flow of RMB-398.95 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 2025, the Company's total borrowings amounted to RMB5,012.22 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 RMB4,361.94 million, representing a decrease of RMB496.77 million as compared with the beginning of the year; the borrowings repayable after one year amounted to RMB650.28 million, representing a decrease of RMB160.21 million as compared to the beginning of the year. As at 30 June 2025, the Company's contracted liabilities were RMB29,055.92 million, representing an increase of RMB2,574.27 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 2025, the Company had made fixed assets investments of RMB478.31 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 subsidiaries. There is no significant change in the 2025 investment plan of the Company.

On 30 June 2025, the Company entered into the Capital Injection Agreement with Jiamusi Electric and Power Equipment Company, pursuant to which the Company, together with Jiamusi Electric, agreed to inject capital of RMB140 million and RMB483 million respectively to Power Equipment Company. After the capital injection, the equity interest of the Company in Power Equipment Company will reduce by 9.58%. For details, please refer to the announcement of the Company dated 30 June 2025.

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 of 30 June 2025, the Company's deposits denominated in foreign currencies were equivalent to approximately RMB543.11 million. To effectively control 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

According to the 2024 annual report, as of 31 December 2024, the funds raised by the Company's domestic share subscription in 2023 (the "2023 Proceeds") remained unused at RMB500 million (the "Relevant Funds") for replenishment of liquidity. Relevant Funds were planned to be fully used by 31 December 2025. As of 30 June 2025, Relevant Funds have been used as planned to replenish liquidity and have been fully used, and the 2023 Proceeds have been fully used as planned.

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>	Intended use time of the 2023 Proceeds	Amount of the 2023 Proceeds used as of 31 December 2024 <i>(RMB100 million)</i>	Amount of the 2023 Proceeds used as of 30 June 2025 <i>(RMB100 million)</i>	Remaining amount of the 2023 Proceeds and intended use time
Ordinary administrative expenses and repayment of loans	1.97	By 31 December 2023	1.97	1.97	0
Replenishment of liquidity	15	By 31 December 2025	10	15	0
Total	16.97		11.97	16.97	0

All the funds raised from the issuance of shares and bonds in the previous years had also 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, HE (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.

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 and 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 insists on placing technological innovation at the core of the overall development of the enterprise, adhering to innovation leading development, driving industrial innovation with technological innovation, promoting high-level technological self-reliance and self-improvement, accelerating the development of new quality productivity, and helping to build a modern industrial system. It continuously integrates into the national science and technology innovation system, strengthens the construction of various national level science and technology innovation platforms, and builds a science and technology innovation system with complete elements, complete functions, flexible mechanisms, and efficient collaboration. It continuously increases R&D investment, and the R&D investment increased by 62.87% year on year in the first half of the year, with a R&D investment intensity of 4.41%, and received 12 provincial and ministerial level scientific and technological awards. It strengthens original leading technology research and development, with a completion rate of 100% for the four major national science and technology projects undertaken. It has completed all the established goals for the second phase of nine key core technology research and development projects with high quality, and promoted six central enterprise innovation consortium research and development tasks as scheduled. It deepens scientific and technological innovation and open cooperation and strengthens exchanges and cooperation with Huairou National Laboratory, promoting the demonstration application of advanced coal-fired power generation technology in the 350MW Efficient and Flexible Coal-fired Power Generation Units of CHN Energy in Langfang.

In the first half of 2025, the Company independently developed China's first 16MW gas turbine prototype (HGT16), which achieved a successful first ignition and smooth full-load operation; independently developed and successfully shipped the world's first and largest 500MW pelton turbine runner with a diameter of 6.23 meters; independently completed the rotor hoisting for the Tiantai Pumped Storage Power Station, a key national project during the 14th Five-Year Plan period; undertook the renovation of Unit 2 at the Qinshan Nuclear Power Plant, China's first full-scale retrofit of a 650MW nuclear steam turbine, which achieved successful grid connection on the first attempt; manufactured and put into operation the world's first high-parameter waste-to-energy boiler with the largest daily waste processing capacity—a high-temperature, ultra-high-pressure waste incineration boiler in Thailand; participated in the construction of the Yingcheng 300MW compressed air energy storage demonstration project, the world's first 300MW-level non-supplementary combustion compressed air energy storage power station "Energy Storage No. 1", which achieved full-capacity grid-connected power generation; and participated in the construction of the Guoxin Suyan Huai'an Yanxue 300MW compressed air energy storage project, where Unit 1 achieved successful grid connection on the first attempt.

## **EMPLOYEES, REMUNERATION, STOCK OPTION PLAN AND TRAINING**

As at 30 June 2025, the Company has a total of 11,143 employees, and the total remuneration amounted to RMB1,031.04 million.

To incentivize key employees, the Company has implemented the Share Appreciation Rights Incentive Plan. As confirmed by the Board, the Company's performance for the year 2023 has met the performance targets for the third exercise period of the plan. The Company is currently organizing the participants to exercise their rights for the third exercise period, with the exercise validity period ending on 28 January 2026. For details, please refer to the circular dated 11 January 2021, the announcement dated 29 January 2021 and the 2024 annual report of the Company.

In the first half of 2025, there was no significant change in the Company's remuneration policy.

In the first half of 2025, the Company organized 1,298 classes in total for training and trained 33,056 persons.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2025.

## **PROSPECTS**

According to the forecast of China Electricity Council (CEC), the newly installed capacity in China in 2025 is expected to exceed 500 million kilowatts, a new high. In particular, the newly installed capacity of new energy power generation is to reach approximately 400 million kilowatts. It is expected that by the end of 2025, China's installed power generation capacity is to reach approximately 3.9 billion kilowatts, representing a year-on-year increase of 16.5%. Among them, the installed capacity of non-fossil energy generating power will total to approximately 2.4 billion kilowatts, accounting for 61% of the total installed capacity. In particular, the installed capacity of hydropower, grid-connected wind power, grid-connected solar power, nuclear power and biomass power will reach 450 million kilowatts, 640 million kilowatts, 1,200 million kilowatts, 65 million kilowatts and 48 million kilowatts, respectively. Thermal power will reach 1.55 billion kilowatts, including 1.27 billion kilowatts of coal-fired power, accounting for less than one third of the total installed capacity.



In the second half of 2025, the Company will continue to focus on serving national strategies and advancing the high-quality development of the manufacturing sector. We will uphold an efficiency-and-benefit-centered approach to solidify the foundation for high-quality growth, further enhance quality and efficiency, continuously improve corporate profitability and cost competitiveness, actively respond to changes in market conditions, and fully boost market share, ensuring that effective qualitative improvement and rational quantitative growth are integrated throughout our development process. We will persist in fostering new quality productive forces through technological innovation, comprehensively enhance the overall effectiveness of our innovation system, continue to increase R&D investment, tackle key core technologies, strengthen original innovation, and accelerate the building of a well-structured and high-caliber talent team to provide human and intellectual support for the Company's advancement. We will adhere to deepening comprehensive reforms to build first-class governance capabilities, carry out all-around reforms aligned with market economic principles and intrinsic corporate development needs, continuously optimize resource allocation for strategy implementation, and focus on coordinating investment scale and optimizing investment structure in technological innovation, industrial upgrading, and digital transformation to tangibly enhance investment efficiency. We will commit to constructing a lean management system with distinctive corporate features, strictly improve quality across the board, meet user needs and market expectations with high-quality products, reinforce the concept of safe development, improve intrinsic safety levels, and strengthen comprehensive safeguards against major risks. Staying steadfast in our annual targets, we will drive new achievements in high-quality development and deliver better performance to reward our shareholders.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARE CAPITAL

As of 30 June 2025, 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 2025, 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 2025, 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**

During the six months ended 30 June 2025, 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**

During the six months ended 30 June 2025, 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 2025, the guarantees provided by the Company to its subsidiaries and the guarantees between subsidiaries of the Company amounted to RMB303.00 million in aggregate. There was no external guarantee of the Company.

## **PLEDGE OF ASSETS**

As at 30 June 2025, the Company pledged its assets of RMB289.84 million (as at 30 June 2024: RMB84.88 million) to secure loans for liquidity.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2025, 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.

On 12 November 2024, Mr. Hu Jian-min resigned as an independent non-executive Director of the Company and as a member of the Audit Committee, Remuneration Committee, Strategic Development Committee and Nomination Committee of the Company, due to the need to focus on personal matters. Mr. Tang Zhi-hong resigned as an independent non-executive Director of the Company and as the chairman of the Audit Committee of the Company, as well as a member of the Remuneration Committee, Strategic Development Committee and Nomination Committee of the Company, due to the need to focus on personal matters. On the same day, the Company appointed Ms. Niu Xiang-chun as an independent non-executive Director of the Company and as a member of the Audit Committee, Remuneration Committee, Strategic Development Committee and Nomination Committee of the Company; appointed Mr. Gao Yi-bin as an independent non-executive Director of the Company and as the chairman of the Audit Committee of the Company, as well as a member of the Remuneration Committee, Strategic Development Committee and Nomination Committee of the Company; and appointed Mr. Shen Tong as an executive Director of the Company and a member of the Nomination Committee of the Company. From 12 November 2024 to 19 January 2025, the number of Directors of the Board complied with the provisions of the Articles of Association of the Company.

On 20 January 2025, Mr. Shen Tong resigned as an executive Director of the Company and a member of the Nomination Committee of the Company due to a change in his duties. From 20 January 2025 to 5 April 2025, the number of Directors of the Board temporarily fell below the number required by the Articles of Association of the Company.

On 6 April 2025, the Company appointed Mr. Du Xing-kai as an executive Director of the Company and a member of the Nomination Committee. From 6 April 2025 to 8 July 2025, the number of Directors of the Board complied with the provisions of the Articles of Association of the Company.

On 9 July 2025, Mr. Cao Zhi-an tendered a resignation letter to the Board to resign from the positions as an executive Director and the chairman of the Company due to reassignment of job positions, and the Board elected Mr. Huang Wei as the chairman of the Company. At the same time, Mr. Huang Wei resigned as the president of the Company. On 4 September 2025, the Board appointed Mr. Liu Qing-yong as an executive Director and the president 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 2025. Members of the Audit Committee of the Company include: Mr. Gao Yi-bin, Mr. He Yu, Mr. Pan Qi-long and Ms. Niu Xiang-chun.

## AUDITORS

ShineWing 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 2025 in accordance with the requirements of "China Certified Public Accountant Review Standard No. 2101 – Review of Financial Statement".

## SHAREHOLDERS' MEETING

On 23 May 2025, 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 following directors attended the annual general meeting, the H shares class meeting and the domestic shares class meeting: Mr. Cao Zhi-an, Mr. Du Xing-kai, Mr. He Yu, Mr. Pan Qi-long, Ms. Niu Xiang-chun and Mr. Gao Yi-bin. For the results of relevant meetings, please refer to the announcement of the Company dated 23 May 2025.

## OTHER DISCLOSEABLE INFORMATION

As at 30 June 2025, the Company did not have any information which was required to be disclosed pursuant to Rules 40.3(a) to (j) 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 2025 are available for inspection at the head office of the Company at 1399 Chuangxinyi Road, Songbei District, Harbin, the PRC.

# REVIEW REPORT

XYZH/2025BJAA3B0587  
Harbin Electric Company Limited

## **To all shareholders of Harbin Electric Company Limited:**

We have reviewed the attached financial statements of Harbin Electric Company Limited (hereinafter referred to as "the Company"), including the consolidated and the parent company's Balance Sheets as of June 30, 2025, the consolidated and the parent company's Income Statements, the consolidated and the parent company's Cash Flow Statements and the consolidated and the parent company's Statements of Changes in Shareholders' Equity for January to June 2025, and the Notes to the Financial Statements. The preparation and fair presentation of these financial statements is the responsibility of the management of the Company, and our responsibility is to issue a review report on these financial statements based on the performance of our review.

We carried out the review in accordance with the Reviewing Standards for Certified Public Accountants of China No. 2101-Review of Financial Statements. These standards require us to plan and implement the review to obtain limited assurance on whether there is no material misstatement in the financial statements. The review is mainly limited to asking the relevant personnel of the Company and conducting analysis procedures on financial data, and the degree of assurance provided is lower than that of an audit. We did not conduct the audit, so we did not give an audit opinion.

Based on our review, we did not notice any matters that made us believe that the financial statements were not prepared in accordance with the Accounting Standards for Business Enterprises in all material aspects and that the financial statements did not fairly represent the financial position as of June 30, 2025 and the operating results and cash flows for January to June 2025 of the Company.

**ShineWing Certified Public Accountants**

**CPA of China: Mr. Hu Song-lin  
(Engagement Partner)**

**CPA of China: Ms. Ma Jing**

Beijing, China

August 28, 2025



# CONSOLIDATED BALANCE SHEET

June 30, 2025

Harbin Electric Company Limited

Unit: RMB

Item	Notes	30/6/2025	31/12/2024
<b>Current assets:</b>			
Monetary fund	VI.1	17,913,530,103.70	16,048,827,239.42
Settlement reserves			
Lendings to banks and other financial institutions			
Financial assets held for trading		402,427,530.23	2,000,000.00
Derivative financial assets			
Notes receivable		864,571,134.73	1,176,243,029.41
Accounts receivable	VI.2	5,344,263,790.50	5,154,322,130.03
Receivables financing		42,901,122.43	12,182,047.12
Advances to suppliers	VI.3	7,922,074,571.50	8,654,036,152.62
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance contract reserves receivable			
Other receivables	VI.4	1,420,938,868.13	1,127,949,613.15
Including: Interest receivable		12,946,827.81	9,019,882.59
Dividends receivable		8,842,879.26	4,681,732.00
Financial assets held under resale agreements		877,500,000.00	585,000,000.00
Inventories	VI.5	16,848,478,602.13	14,581,779,526.11
Including: Data resources			
Contract assets	VI.6	10,940,244,356.45	9,879,012,182.45
Held-for-sale assets			
Non-current assets due within one year		427,069,948.17	388,621,352.19
Other current assets	VI.7	4,678,918,488.60	2,598,821,957.53
<b>Total current assets</b>		<b>67,682,918,516.57</b>	<b>60,208,795,230.03</b>

# CONSOLIDATED BALANCE SHEET (CONTINUED)

June 30, 2025

Item	Notes	30/6/2025	31/12/2024
<b>Non-current assets:</b>			
Disbursement of loans and advances to customers			
Debt investments			
Other debt investments		1,027,842,339.17	310,836,000.00
Long-term receivables		509,462,457.76	440,694,572.78
Long-term equity investments		936,620,243.42	889,675,508.19
Other equity instrument investments		697,565,303.52	702,075,378.54
Other non-current financial assets			
Investment properties	VI.8	199,411,050.24	211,509,903.78
Fixed assets	VI.8	5,810,366,682.31	5,418,092,753.77
Construction in progress	VI.8	1,056,907,306.97	1,273,841,923.69
Bearer biological assets			
Oil and gas assets			
Right-of-use assets		9,304,097.93	14,101,369.55
Intangible assets	VI.8	943,755,014.55	959,594,909.77
Including: Data resources development expenditures		62,618,074.80	72,971,700.57
Including: Data resources goodwill		9,087,591.69	9,087,591.69
Long-term deferred expenses		15,115,401.80	17,175,078.23
Deferred tax assets		582,269,996.25	603,821,319.51
Other non-current assets	VI.9	866,788,912.44	813,881,914.07
Including: Physical assets reserve specifically authorized			
<b>Total non-current assets</b>		<b>12,727,114,472.85</b>	<b>11,737,359,924.14</b>
<b>Total assets</b>		<b>80,410,032,989.42</b>	<b>71,946,155,154.17</b>

# CONSOLIDATED BALANCE SHEET (CONTINUED)

June 30, 2025

Item	Notes	30/6/2025	31/12/2024
<b>Current liabilities:</b>			
Short-term borrowings	VI. 10	3,626,492,748.76	4,481,698,651.76
Borrowings from the central bank			
Borrowings from banks and other financial institutions			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable		5,181,085,997.53	2,341,448,365.28
Accounts payable	VI. 11	19,509,454,390.11	16,569,328,453.81
Advances from customers		6,521,100.67	7,175,123.84
Contract liabilities	VI. 12	29,055,919,606.07	26,481,644,744.09
Financial assets sold under repurchase agreements			
Customer bank deposits and interbank deposits		770,534,679.82	727,588,443.98
Employee compensation payable		588,791,070.84	962,479,143.31
Taxes payable		504,273,988.76	626,360,758.54
Other payables		1,417,818,863.46	462,897,601.30
Including: Interest payable		15,231,035.20	13,333,263.26
Dividends payable		510,408,535.08	2,773,883.08
Held-for-sale liabilities			
Non-current liabilities due within one year	VI. 13	735,988,645.48	381,970,747.45
Other current liabilities		9,236,548.03	149,804,765.63
<b>Total current liabilities</b>		<b>61,406,117,639.53</b>	<b>53,192,396,798.99</b>

## CONSOLIDATED BALANCE SHEET (CONTINUED)

June 30, 2025

Item	Notes	30/6/2025	31/12/2024
<b>Non-current liabilities:</b>			
Long-term borrowings		650,275,872.22	810,487,077.31
Bonds payable			
Including: Preferred stock			
Perpetual bonds			
Lease liabilities		12,792,866.84	8,944,355.89
Long-term payables		21,322,155.57	21,448,357.35
Long-term employee			
compensation payable		279,248,478.23	279,889,194.63
Estimated liabilities		1,002,825,395.78	1,165,215,245.78
Deferred income		198,639,777.47	175,116,522.09
Deferred tax liabilities		6,628,015.07	9,765,881.47
Other non-current liabilities		10,634,422.20	93,030,491.94
<b>Total non-current liabilities</b>		<b>2,182,366,983.38</b>	<b>2,563,897,126.46</b>
<b>Total liabilities</b>		<b>63,588,484,622.91</b>	<b>55,756,293,925.45</b>

# CONSOLIDATED BALANCE SHEET (CONTINUED)

June 30, 2025

Item	Notes	30/6/2025	31/12/2024
<b>Shareholders' equity</b>			
Share capital	VI. 14	2,236,276,000.00	2,236,276,000.00
Other equity instruments			
Including: Preferred stock			
Perpetual bonds			
Capital reserves		5,491,563,058.67	5,491,563,058.67
Less: Treasury stocks			
Other comprehensive income		-17,522,025.30	-102,281,657.96
Special reserves		75,219,446.09	60,940,261.82
Surplus reserves		973,010,437.91	973,010,437.91
General risk reserves			
Retained earnings		7,364,157,846.98	6,823,254,033.56
<b>Total shareholders' equity attributable to the parent company</b>		<b>16,122,704,764.35</b>	<b>15,482,762,134.00</b>
Non-controlling interests		698,843,602.16	707,099,094.72
<b>Total shareholders' equity</b>		<b>16,821,548,366.51</b>	<b>16,189,861,228.72</b>
<b>Total liabilities and shareholders' equity</b>		<b>80,410,032,989.42</b>	<b>71,946,155,154.17</b>

Legal representative:

Person in charge of  
accounting:

Person in charge of the  
accounting firm:

# BALANCE SHEET OF THE PARENT COMPANY

June 30, 2025

Harbin Electric Company Limited

Unit: RMB

Item	Notes	30/6/2025	31/12/2024
<b>Current assets:</b>			
Monetary fund		1,679,293,448.99	1,345,286,397.60
Financial assets held for trading			
Derivative financial assets			
Notes receivable		161,543,008.56	124,265,313.75
Accounts receivable		806,528,869.99	1,104,386,950.86
Receivables financing			
Advances to suppliers		2,462,673,580.85	2,617,048,283.69
Other receivables		455,721,900.28	453,517,474.83
Including: Interest receivable		4,060,339.44	2,194,647.01
Dividends receivable		2,070,202.60	2,070,202.60
Inventories		128,935,802.50	124,338,283.02
Including: Data resources			
Contract assets		1,235,954,205.05	1,016,901,282.21
Held-for-sale assets			
Non-current assets due within one year			
Other current assets		344,051,055.55	316,232,728.42
<b>Total current assets</b>		<b>7,274,701,871.77</b>	<b>7,101,976,714.38</b>

## BALANCE SHEET OF THE PARENT COMPANY (CONTINUED)

June 30, 2025

Item	Notes	30/6/2025	31/12/2024
<b>Non-current assets:</b>			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments		9,786,766,291.92	9,882,406,701.40
Other equity instrument investments		152,000,000.00	152,000,000.00
Other non-current financial assets			
Investment properties		15,503,505.86	36,282,475.08
Fixed assets		579,935,405.71	571,454,840.95
Construction in progress			
Bearer biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets		177,337,907.41	158,608,576.82
Including: Data resources			
Development expenditures		50,773,813.66	62,445,202.72
Including: Data resources			
Goodwill			
Long-term deferred expenses			
Deferred tax assets			
Other non-current assets			
<b>Total non-current assets</b>		<b>10,762,316,924.56</b>	<b>10,863,197,796.97</b>
<b>Total assets</b>		<b>18,037,018,796.33</b>	<b>17,965,174,511.35</b>



## BALANCE SHEET OF THE PARENT COMPANY (CONTINUED)

June 30, 2025

Item	Notes	30/6/2025	31/12/2024
<b>Current liabilities:</b>			
Short-term borrowings		1,166,349,097.00	1,148,730,000.00
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable		63,136,000.00	13,400,000.00
Accounts payable		3,664,258,409.16	3,381,144,323.66
Advances from customers			
Contract liabilities		2,520,142,774.33	2,992,491,510.47
Employee compensation payable		172,198,674.95	173,734,159.69
Taxes payable		2,614,151.11	3,795,814.28
Other payables		920,086,971.46	316,233,385.80
Including: Interest payable		1,578,574.49	684,420.74
Dividends payable		507,641,260.48	6,608.48
Held-for-sale liabilities			
Non-current liabilities due within			
one year		700,000,000.00	1,100,000,000.00
Other current liabilities		935,289.25	935,289.25
<b>Total current liabilities</b>		<b>9,209,721,367.26</b>	<b>9,130,464,483.15</b>

## BALANCE SHEET OF THE PARENT COMPANY (CONTINUED)

June 30, 2025

Item	Notes	30/6/2025	31/12/2024
<b>Non-current liabilities:</b>			
Long-term borrowings			
Bonds payable			
Including: Preferred stock			
Perpetual bonds			
Lease liabilities			
Long-term payables			
Long-term employee compensation payable		1,385,711.97	1,999,002.62
Estimated liabilities		50,178,365.85	51,256,970.85
Deferred income		63,456,842.00	48,650,724.65
Deferred tax liabilities			
Other non-current liabilities			
<b>Total non-current liabilities</b>		<b>115,020,919.82</b>	<b>101,906,698.12</b>
<b>Total liabilities</b>		<b>9,324,742,287.08</b>	<b>9,232,371,181.27</b>

## BALANCE SHEET OF THE PARENT COMPANY (CONTINUED)

June 30, 2025

Item	Notes	30/6/2025	31/12/2024
<b>Shareholders' equity</b>			
Share capital		2,236,276,000.00	2,236,276,000.00
Other equity instruments			
Including: Preferred stock			
Perpetual bonds			
Capital reserves		4,796,067,100.48	4,796,067,100.48
Less: Treasury stocks			
Other comprehensive income			
Special reserves			
Surplus reserves		830,200,587.74	830,200,587.74
Retained earnings		849,732,821.03	870,259,641.86
<b>Total shareholders' equity</b>		<b>8,712,276,509.25</b>	<b>8,732,803,330.08</b>
<b>Total liabilities and shareholders' equity</b>		<b>18,037,018,796.33</b>	<b>17,965,174,511.35</b>

Legal representative:

Person in charge of  
accounting:

Person in charge of the  
accounting firm:

# CONSOLIDATED INCOME STATEMENT

January to June 2025

Harbin Electric Company Limited

Unit: RMB

Item	Notes	January to June 2025	January to June 2024
<b>I. Total operating revenue</b>		<b>22,696,104,178.47</b>	<b>17,260,636,497.03</b>
Including: Operating revenue	VI. 15	22,474,007,780.48	17,043,456,548.40
Interest income		222,095,831.95	217,179,948.63
Fee and commission income		566.04	-
<b>II. Total operating cost</b>		<b>21,442,004,500.37</b>	<b>16,640,870,337.70</b>
Less: Operating cost		19,766,182,792.21	15,109,770,138.64
Interest expenses		2,326,441.12	6,773,783.30
Fee and commission expenses		42,007.72	23,542.84
Taxes and surcharges		98,183,589.17	66,711,084.29
Selling expenses		238,976,218.92	239,421,668.32
Administrative expenses	VI. 16	758,385,864.32	658,448,508.09
R&D expenses		432,061,486.86	413,244,085.73
Financial expenses	VI. 17	145,846,100.05	146,477,526.49
Including: Interest expenses		70,434,251.46	78,368,104.12
Interest income		19,210,740.05	12,831,588.66
Add: Other income		126,367,654.23	73,253,275.19
Investment income (loss to be listed with "-")		135,387,812.97	65,674,968.12
Including: Income from investment in associates and joint ventures		2,084,565.92	43,991,352.45
Income from derecognition of financial assets at amortized cost			
Exchange income (loss to be listed with "-")		106,711.56	223,139.23
Net exposure hedging income (loss to be listed with "-")			
Income from changes in fair value (loss to be listed with "-")		-5,830,192.40	-
Credit impairment loss (loss to be listed with "-")	VI. 18	-196,485,698.47	15,629,160.48
Asset impairment loss (loss to be listed with "-")	VI. 19	-93,274,801.94	-81,952,055.36
Income from assets disposal (loss to be listed with "-")		2,408,683.04	2,273,384.10

# CONSOLIDATED INCOME STATEMENT (CONTINUED)

January to June 2025

Item	Notes	January to June 2025	January to June 2024
<b>III. Operating profit (loss to be listed with “-”)</b>		<b>1,222,779,847.09</b>	<b>694,868,031.09</b>
Add: Non-operating revenue		14,383,265.51	6,202,368.44
Less: Non-operating expenses		9,727,397.14	10,589,071.52
<b>IV. Total profit (total loss to be listed with “-”)</b>		<b>1,227,435,715.46</b>	<b>690,481,328.01</b>
Less: Income tax expenses		171,103,088.32	149,407,695.17
<b>V. Net profit (net loss to be listed with “-”)</b>		<b>1,056,332,627.14</b>	<b>541,073,632.84</b>
(I) Classified according to operating continuity		1,056,332,627.14	541,073,632.84
1. Net profit from going concern (net loss to be listed with “-”)		1,056,332,627.14	541,073,632.84
2. Net profit from discontinued operations (net loss to be listed with “-”)			
(II) Classified according to attribution of the ownership		1,056,332,627.14	541,073,632.84
1. Net profit attributable to owners of the parent company (net losses to be listed with “-”)		1,050,891,055.16	522,667,422.32
2. Minority interest income (net loss to be listed with “-”)		5,441,571.98	18,406,210.52
<b>VI. Net of tax of other comprehensive income</b>		<b>85,272,494.20</b>	<b>-17,792,289.24</b>
Net of tax of other comprehensive income attributable to the owner of the parent company		82,407,042.92	-17,792,289.24
(I) Other comprehensive income that cannot be reclassified into profit or loss		-15,748,964.76	-7,880,220.60
1. Changes arising from re-measurement of the defined benefit plan			
2. Other comprehensive income that cannot be reclassified into profit or loss under the equity method			
3. Changes in fair value of other equity instrument investments		-15,748,964.76	-7,880,220.60
4. Changes in fair value of the Company's credit risk			
5. Others			

# CONSOLIDATED INCOME STATEMENT (CONTINUED)

January to June 2025

Item	Notes	January to June 2025	January to June 2024
(II) Other comprehensive income to be reclassified into profit or loss		98,156,007.68	-9,912,068.64
1. Other comprehensive income to be transferred into profit or loss under the equity method			
2. Changes in fair value of other debt investments			
3. Amount of financial assets reclassified into other comprehensive income			
4. Provision for credit impairment of other debt investments			
5. Reserves for cash flow hedge (effective parts of cash flow hedging profit or loss)		70,036,659.28	-11,151,234.83
6. Translation difference of foreign currency financial statements		-853,547.82	1,239,166.19
7. Others			
Net of tax of other comprehensive income attributable to minority shareholders		2,865,451.28	-
<b>VII. Total comprehensive income</b>		<b>1,141,605,121.34</b>	<b>523,281,343.60</b>
Total comprehensive income attributable to shareholders of the parent company		1,133,298,098.08	504,875,133.08
Total comprehensive income attributable to minority shareholders		8,307,023.26	18,406,210.52
<b>VIII. Earnings per share</b>			
(I) Basic earnings per share (RMB/share)		0.47	0.23
(II) Diluted earnings per share (RMB/share)		0.47	0.23

Legal representative:

Person in charge of  
accounting:

Person in charge of the  
accounting firm:

# INCOME STATEMENT OF THE PARENT COMPANY

January to June 2025

Harbin Electric Company Limited

Unit: RMB

Item	Notes	January to June 2025	January to June 2024
<b>I. Operating revenue</b>		1,455,048,614.10	2,512,758,683.27
Less: Operating cost		1,449,331,776.97	2,484,701,353.49
Taxes and surcharges		4,328,293.97	3,441,309.24
Selling expenses		6,125,517.15	6,072,023.95
Administrative expenses		93,602,476.45	87,247,249.98
R&D expenses		18,211,351.61	32,133,078.05
Financial expenses		23,302,201.59	27,766,851.64
Including: Interest expenses		26,905,119.17	37,904,579.49
Interest income		6,337,589.35	13,409,892.28
Add: Other income		2,729,241.75	2,496,595.78
Investment income (loss to be listed with "-")		719,032,109.89	262,712,323.53
Including: Income from investment in associates and joint ventures			
Income from derecognition of financial assets at amortized cost			
Net exposure hedging income (loss to be listed with "-")			
Income from changes in fair value (loss to be listed with "-")			
Credit impairment loss (loss to be listed with "-")		-63,969,532.37	-56,383,970.74
Asset impairment loss (loss to be listed with "-")		-28,480,394.72	-25,023,800.68
Income from assets disposal (loss to be listed with "-")			
<b>II. Operating profit (loss to be listed with "-")</b>		489,458,420.91	55,197,964.81
Add: Non-operating revenue		2,000.00	-
Less: Non-operating expenses			
<b>III. Total profit (total loss to be listed with "-")</b>		489,460,420.91	55,197,964.81
Less: Income tax expenses			



# INCOME STATEMENT OF THE PARENT COMPANY (CONTINUED)

January to June 2025

Item	Notes	January to June 2025	January to June 2024
<b>IV. Net profit (net loss to be listed with “-”)</b>		489,460,420.91	55,197,964.81
(I) Net profit from going concern		489,460,420.91	55,197,964.81
(II) Net profit from discontinued operations			
<b>V. Net of tax of other comprehensive income</b>		-2,352,589.74	-
(I) Other comprehensive income that cannot be reclassified into profit or loss		-2,352,589.74	-
1. Changes arising from re-measurement of the defined benefit plan			
2. Other comprehensive income that cannot be reclassified into profit or loss under the equity method			
3. Changes in fair value of other equity instrument investments		-2,352,589.74	-
4. Changes in fair value of the Company's credit risk			
5. Others			
(II) Other comprehensive income to be reclassified into profit or loss			
1. Other comprehensive income to be transferred into profit or loss under the equity method			
2. Changes in fair value of other debt investments			
3. Amount of financial assets reclassified into other comprehensive income			
4. Provision for credit impairment of other debt investments			
5. Reserves for cash flow hedge (effective parts of cash flow hedging profit or loss)			
6. Translation difference of foreign currency financial statements			
7. Others			
<b>VI. Total comprehensive income</b>		487,107,831.17	55,197,964.81

Legal representative:

Person in charge of  
accounting:

Person in charge of the  
accounting firm:

# CONSOLIDATED CASH FLOW STATEMENT

January to June 2025

Harbin Electric Company Limited

Unit: RMB

Item	Notes	January to June 2025	January to June 2024
<b>I. Cash flows from operating activities:</b>			
Cash received from sales of goods and provision of services		25,227,691,402.91	19,520,528,773.72
Net increase in deposits from customers and placements from banks and other financial institutions		42,946,235.84	-207,488,596.15
Cash received from interests, fees and commissions		222,274,505.82	159,132,169.69
Net increase in repurchase business funds		-300,000,000.00	300,000,000.00
Refunds of taxes and surcharges received		126,282,034.87	183,889,756.82
Other cash received relating to operating activities		904,359,184.89	1,083,355,456.58
<b>Subtotal of cash inflows from operating activities</b>		<b>26,223,553,364.33</b>	<b>21,039,417,560.66</b>
Cash paid for the purchase of goods and receipt of services		16,297,606,745.02	18,027,909,009.62
Net increase in loans and advances to customers			3,900,000.00
Net increase in deposits in the central bank and other financial institutions		2,772,902,820.78	67,729,863.07
Net increase in lendings to banks and other financial institutions			600,000,000.00
Cash paid for interests, fees and commissions		1,571,804.57	2,516,961.65
Cash paid to and on behalf of employees		1,564,595,891.18	1,402,549,110.39
Taxes and surcharges paid		825,034,852.49	575,160,064.85
Other cash paid relating to operating activities		1,569,747,716.98	1,789,800,319.81
<b>Subtotal of cash outflows from operating activities</b>		<b>23,031,459,831.02</b>	<b>22,469,565,329.39</b>
<b>Net cash flows from operating activities</b>		<b>3,192,093,533.31</b>	<b>-1,430,147,768.73</b>

## CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

January to June 2025

Item	Notes	January to June 2025	January to June 2024
<b>II. Cash flows from investing activities:</b>			
Cash received from investment recovery		1,700,000,000.00	1,200,000,000.00
Cash received from acquirement of investment income		9,405,651.72	7,812,364.21
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		5,077,500.00	5,767,400.00
Net cash received from disposal of subsidiaries and other business entities			
Other cash received relating to investing activities		—	947,537.23
<b>Subtotal of cash inflows from investing activities</b>		<b>1,714,483,151.72</b>	<b>1,214,527,301.44</b>
Cash paid for purchasing fixed assets, intangible assets and other long-term assets		625,426,005.07	582,090,642.83
Cash paid for investment		2,118,886,300.00	634,763,129.56
Net cash paid for the acquisition of subsidiaries and other business entities			
Other cash paid relating to investing activities		21,327,013.60	—
<b>Subtotal of cash outflows from investing activities</b>		<b>2,765,639,318.67</b>	<b>1,216,853,772.39</b>
<b>Net cash flows from investing activities</b>		<b>-1,051,156,166.95</b>	<b>-2,326,470.95</b>

## CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

January to June 2025

Item	Notes	January to June 2025	January to June 2024
<b>III. Cash flows from financing activities:</b>			
Cash received from absorbing investment			
Including: Cash received by subsidiaries			
from absorbing investments of			
minority shareholders			
Cash received from borrowings		618,133,297.00	530,521,394.92
Other cash received relating to financing			
activities		5,000,000.00	119,164,845.15
<b>Subtotal of cash inflows from financing</b>			
<b>activities</b>		623,133,297.00	649,686,240.07
Cash paid for debt repayment		942,827,030.27	1,226,164,164.53
Cash paid for distributing dividends and			
profits or paying interests		70,711,279.29	83,234,952.43
Including: Dividends and profits paid			
by subsidiaries to minority			
shareholders		17,596,584.27	650,000.00
Other cash paid relating to financing			
activities		8,541,547.98	16,311,186.33
<b>Subtotal of cash outflows from financing</b>			
<b>activities</b>		1,022,079,857.54	1,325,710,303.29
<b>Net cash flows from financing activities</b>		-398,946,560.54	-676,024,063.22

## CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

January to June 2025

Item	Notes	January to June 2025	January to June 2024
<b>IV. Effects from change of exchange rate on cash and cash equivalents</b>		-73,247,226.49	-57,414,204.55
<b>V. Net increase in cash and cash equivalents</b>		1,668,743,579.33	-2,165,912,507.45
Add: Beginning balance of cash and cash equivalents		15,173,753,371.19	17,364,232,108.35
<b>VI. Ending balance of cash and cash equivalents</b>		16,842,496,950.52	15,198,319,600.90

Legal representative:

Person in charge of  
accounting:

Person in charge of the  
accounting firm:

# CASH FLOW STATEMENT OF THE PARENT COMPANY

January to June 2025

Harbin Electric Company Limited

Unit: RMB

Item	Notes	January to June 2025	January to June 2024
<b>I. Cash flows from operating activities:</b>			
Cash received from sales of goods and provision of services		1,370,511,705.81	1,768,383,119.31
Refunds of taxes and surcharges received		79,880.65	73,341,106.29
Other cash received relating to operating activities		153,413,473.68	31,981,357.11
<b>Subtotal of cash inflows from operating activities</b>		<b>1,524,005,060.14</b>	<b>1,873,705,582.71</b>
Cash paid for the purchase of goods and receipt of services		1,470,285,162.83	1,660,945,480.16
Cash paid to and on behalf of employees		63,872,171.13	56,265,107.77
Taxes and surcharges paid		4,909,557.05	29,603,656.64
Other cash paid relating to operating activities		54,004,994.87	53,925,085.98
<b>Subtotal of cash outflows from operating activities</b>		<b>1,593,071,885.88</b>	<b>1,800,739,330.55</b>
<b>Net cash flows from operating activities</b>		<b>-69,066,825.74</b>	<b>72,966,252.16</b>

## CASH FLOW STATEMENT OF THE PARENT COMPANY (CONTINUED)

January to June 2025

Item	Notes	January to June 2025	January to June 2024
<b>II. Cash flows from investing activities:</b>			
Cash received from investment recovery			
Cash received from acquirement of investment income		816,607,061.31	218,065,570.63
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			
Net cash received from disposal of subsidiaries and other business entities		1.00	—
Other cash received relating to investing activities			
<b>Subtotal of cash inflows from investing activities</b>		<b>816,607,062.31</b>	<b>218,065,570.63</b>
Cash paid for purchasing fixed assets, intangible assets and other long-term assets			
Cash paid for investment		4,829,070.50	19,945,729.56
Net cash paid for the acquisition of subsidiaries and other business entities			
Other cash paid relating to investing activities		—	29,581,368.83
<b>Subtotal of cash outflows from investing activities</b>		<b>4,829,070.50</b>	<b>49,527,098.39</b>
<b>Net cash flows from investing activities</b>		<b>811,777,991.81</b>	<b>168,538,472.24</b>

## CASH FLOW STATEMENT OF THE PARENT COMPANY (CONTINUED)

January to June 2025

Item	Notes	January to June 2025	January to June 2024
<b>III. Cash flows from financing activities:</b>			
Cash received from absorbing investment			
Cash received from borrowings		17,619,097.00	–
Other cash received relating to financing activities			
<b>Subtotal of cash inflows from financing activities</b>		<b>17,619,097.00</b>	<b>–</b>
Cash paid for debt repayment		400,000,000.00	630,000,000.00
Cash paid for distributing dividends and profits or paying interests		26,323,211.68	38,392,921.73
Other cash paid relating to financing activities			
<b>Subtotal of cash outflows from financing activities</b>		<b>426,323,211.68</b>	<b>668,392,921.73</b>
<b>Net cash flows from financing activities</b>		<b>-408,704,114.68</b>	<b>-668,392,921.73</b>



## CASH FLOW STATEMENT OF THE PARENT COMPANY (CONTINUED)

January to June 2025

Item	Notes	January to June 2025	January to June 2024
<b>IV. Effects from change of exchange rate on cash and cash equivalents</b>			
<b>V. Net increase in cash and cash equivalents</b>		<b>334,007,051.39</b>	-426,888,197.33
Add: Beginning balance of cash and cash equivalents		1,345,286,397.60	2,083,906,099.24
<b>VI. Ending balance of cash and cash equivalents</b>		<b>1,679,293,448.99</b>	1,657,017,901.91

Legal representative:

Person in charge of  
accounting:

Person in charge of the  
accounting firm:

# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

January to June 2025

Unit: RMB

Harbin Electric Company Limited

Item	January to June 2025														
	Shareholders' equity attributable to the parent company														
	Other equity instruments														
	Share capital	Preferred stock	Perpetual bonds	Others	Capital reserves	Less: Treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Retained earnings	Others	Subtotal	Non-controlling interests	Total shareholders' equity
I. Closing balance of the previous year	2,238,276,000.00	-	-	-	5,491,563,036.57	-	-102,251,657.56	60,940,261.82	973,010,437.91	-	6,823,054,033.56	-	15,482,762,134.00	707,099,044.72	16,189,861,228.72
Add: Changes in accounting policies															
Corrections of early errors															
Business combination under common control															
Others															
II. Opening balance of the current year	2,238,276,000.00	-	-	-	5,491,563,036.57	-	-102,251,657.56	60,940,261.82	973,010,437.91	-	6,823,054,033.56	-	15,482,762,134.00	707,099,044.72	16,189,861,228.72
III. Increase or decrease in the current year (decrease to be filled with "-")															
(I) Total comprehensive income															
(II) Capital increased and decreased by shareholders															
1. Ordinary shares invested by shareholders															
2. Capital invested by holders of other equity instruments															
3. Amount of share-based payment included in shareholders' equity															
4. Others															
(III) Profit distribution															
1. Appropriation to surplus reserve															
2. Appropriation to general risk reserve															
3. Distribution to shareholders															
4. Others															
(IV) Internal carry-over in shareholders' equity															
1. Capital reserve transferred to share capital															
2. Surplus reserve transferred to share capital															
3. Surplus reserve to recover losses															
4. Related earnings carried forward from changes in defined benefit plan															
5. Related earnings carried forward from other comprehensive income															
6. Others															
(V) Appropriation to and use of special reserves															
1. Appropriation in current year															
2. Use in current year															
(VI) Others															
IV. Closing balance of the current year	2,238,276,000.00	-	-	-	5,491,563,036.57	-	-17,522,025.30	75,219,446.09	973,010,437.91	-	7,364,157,846.98	-	16,122,704,754.35	698,843,022.16	16,821,543,266.51

# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

January to June 2025

Item	Shareholders' equity attributable to the parent company															
	Other equity instruments															
	Share capital	Preferred stock	Perpetual bonds	Others	Capital reserves	Treasury stocks	Less: comprehensive income	Other	Social reserves	Surplus reserves	General risk reserves	Retained earnings	Others	Subtotal	Noncontrolling interests	Total shareholders' equity
I.	2,236,276,000.00	-	-	-	5,496,802,270.69	-	-128,370,784.80	47,469,388.36	956,816,339.27	-	5,255,689,935.55	13,894,702,149.07	-	723,083,443.51	14,587,755,592.58	
	Closing balance of the previous year															
	Add: Changes in accounting policies															
	Corrections of early errors															
	Business combination under common control															
	Others															
II.	2,236,276,000.00	-	-	-	5,496,802,270.69	-	-128,370,784.80	47,469,388.36	956,816,339.27	-	5,255,689,935.55	13,894,702,149.07	-	723,083,443.51	14,587,755,592.58	
III.	Increase or decrease in the current year (decrease to be listed with "-")															
(i)	Total comprehensive income															
(ii)	Capital invested and decreased by shareholders															
1.	Ordinary shares invested by shareholders															
2.	Capital invested by holders of other equity instruments															
3.	Amount of share-based payment included in shareholders' equity															
4.	Others															
(iii)	Profit distribution															
1.	Appropriation to surplus reserve															
2.	Appropriation to general risk reserve															
3.	Distribution to shareholders															
4.	Others															
(iv)	Internal carry-over in shareholders' equity															
1.	Capital reserve transferred to share capital															
2.	Surplus reserve transferred to share capital															
3.	Surplus reserve to recover losses															
4.	Retained earnings carried forward from changes in defined benefit plan															
5.	Retained earnings carried forward from other comprehensive income															
6.	Others															
(v)	Special reserves															
1.	Appropriation in current year															
2.	Use in current year															
(vi)	Others															
IV.	2,236,276,000.00	-	-	-	5,491,653,038.67	-	-148,163,074.04	57,266,173.29	956,816,339.27	-	5,682,070,035.87	14,257,828,923.06	-	716,723,512.56	14,971,552,035.62	
	Closing balance of the current year															

Legal representative: \_\_\_\_\_ Person in charge of accounting: \_\_\_\_\_ Person in charge of the accounting firm: \_\_\_\_\_

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE PARENT COMPANY

January to June 2025

Item	January to June 2025							
	Other equity instruments				Less: Treasury stocks	Other comprehensive income	Special reserves	Total shareholders' equity
	Share capital	Preferred stock	Perpetual bonds	Others	Capital reserves		Surplus reserves	
<b>I. Closing balance of the previous year</b>	2,238,276,000.00	-	-	-	4,796,067,100.48	-	830,200,587.74	8,712,803,330.08
Add: Changes in accounting policies								
Corrections of early errors								
Others								
<b>II. Opening balance of the current year</b>	2,238,276,000.00	-	-	-	4,796,067,100.48	-	830,200,587.74	8,712,803,330.08
<b>III. Increase or decrease in the current year</b>								
(decrease to be listed with "-")								
(i) Total comprehensive income	-	-	-	-	-	-	-	-20,526,820.83
(ii) Capital invested and decreased by shareholders								489,460,420.91
1. Invested capital of shareholders						-2,352,589.74		487,107,831.17
2. Capital invested by holders of other equity instruments								
3. Amount of state-based payment included in shareholders' equity								
4. Others								
(iii) Profit distribution								
1. Appropriation to surplus reserve								-507,634,652.00
2. Distribution to shareholders								-
3. Others								-507,634,652.00
(iv) Internal carry-over in shareholders' equity								
1. Capital reserve transferred to capital								-2,352,589.74
2. Surplus reserve transferred to capital								-
3. Surplus reserve to recover losses								-
4. Retained earnings carried forward from changes in defined benefit plan								-
5. Retained earnings carried forward from other comprehensive income								-
6. Others								-2,352,589.74
(v) Special reserves								
1. Appropriation in current year								
2. Use in current year								
(vi) Others								
<b>IV. Closing balance of the current year</b>	2,238,276,000.00	-	-	-	4,796,067,100.48	-	830,200,587.74	8,712,276,509.25

# STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE PARENT COMPANY (CONTINUED)

January to June 2025

Item	January to June 2024						
	Other equity instruments				Less:		
	Share capital	Preferred stock	Perpetual bonds	Others	Capital reserves	Treasury stocks	Other comprehensive income
							Special reserves
							Surplus reserves
							Retained earnings
							Total shareholders' equity
<b>I. Closing balance of the previous year</b>							
Add: Changes in accounting policies							
Corrections of early errors							
Others							
<b>II. Opening balance of the current year</b>							
<b>III. Increase or decrease in the current year (decrease to be listed with "-")</b>							
(I) Total comprehensive income							
(II) Capital invested and decreased by shareholders							
1. Invested capital of shareholders							
2. Capital invested by holders of other equity instruments							
3. Amount of share-based payment included in shareholders' equity							
4. Others							
(III) Profit distribution							
1. Appropriation to surplus reserve							
2. Distribution to shareholders							
3. Others							
(IV) Internal carry-over in shareholders' equity							
1. Capital reserve transferred to capital							
2. Surplus reserve transferred to capital							
3. Surplus reserve to recover losses							
4. Retained earnings carried forward from changes in defined benefit plan							
5. Retained earnings carried forward from other comprehensive income							
6. Others							
(V) Special reserves							
1. Appropriation in current year							
2. Use in current year							
(VI) Others							
<b>IV. Closing balance of the current year</b>							

Person in charge of accounting: Person in charge of the accounting firm:

Legal representative:

# NOTES TO THE FINANCIAL STATEMENTS

*From January 1, 2025 to June 30, 2025*

*(Monetary unit for the Notes is RMB unless otherwise stated)*

## I. COMPANY PROFILE

Harbin Electric Company Limited (hereinafter referred to as “the Company”, collectively referred to as “the Group” when including subsidiaries) was formed through the restructuring of the former state-owned enterprise Harbin Electric Corporation (hereinafter referred to as “HE”) and its affiliated companies former Harbin Electric Machinery Works, Harbin Boiler Works, and Harbin Turbine Works. The Company was registered and established in Harbin on October 6, 1994, and was approved for restructuring into a joint stock company listed in Hong Kong by the former State Commission for Restructuring the Economic System on November 5, 1994.

The Company’s original total share capital was RMB1,189,151,000, with HE holding RMB720,000,000, accounting for 60.55% of the total share capital, and H-shares issued overseas amounting to RMB469,151,000, accounting for 39.45% of the total share capital. The Company began trading on The Stock Exchange of Hong Kong Limited on December 16, 1994. According to the resolutions of the general meeting and the approval of the China Securities Regulatory Commission (CSRC), and upon the approval of The Stock Exchange of Hong Kong Limited, the Company placed a total of 93,830,000 H-shares in 2005, comprising 85,300,000 new shares and a reduction of 8,530,000 state-owned shares. After the completion of this H-share placement, the Company’s share capital was changed to RMB1,274,451,000. According to the resolutions of the Company’s 2005 annual general meeting and the approval of the CSRC (Document ZJGHZ [2007] No. 6), the Company issued 112,590,000 additional H-shares in February 2007, including 102,355,000 new shares and a reduction of 10,235,000 shares by the state-owned shareholder. Based on the reply from the State-owned Assets Supervision and Administration Commission of the State Council (SASAC) (Document GZCQ [2006] No. 1492), during the placement of H-shares, the Company transferred 10,235,000 state-owned legal person shares held by HE to the National Council for Social Security

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January 1, 2025 to June 30, 2025*

*(Monetary unit for the Notes is RMB unless otherwise stated)*

### **I. COMPANY PROFILE (CONTINUED)**

Fund. On March 2, 2007, the Company received RMB102,355,000.00 of new share capital paid in cash by overseas fundraising shareholders, increasing the Company's registered capital and share capital to RMB1,376,806,000.00. This total comprised state-owned legal person shares of RMB701,235,000.00, accounting for 50.93% of the total share capital, and H-shares issued overseas of RMB675,571,000.00, accounting for 49.07% of the total share capital. On December 1, 2017, a proposal was passed at the general meeting to approve the issuance of new domestic shares to HE, including 329,717,000 new shares. On December 6, 2017, the Company received RMB329,717,000.00 of new share capital paid in cash by HE, increasing the Company's registered capital and share capital to RMB1,706,523,000.00. This total comprised state-owned legal person shares of RMB1,030,952,000.00, accounting for 60.41% of the total share capital, and H-shares issued overseas of RMB675,571,000.00, accounting for 39.59% of the total share capital.

On April 12, 2023, a proposal was passed at the general meeting to approve the issuance of new domestic shares to HE, including 529,753,000 new shares. On September 20, 2023, the Company received RMB529,753,000.00 of new share capital paid in cash by HE, increasing the Company's share capital to RMB2,236,276,000.00. This total comprised state-owned legal person shares of RMB1,560,705,000.00, accounting for 69.79% of the total share capital, and H-shares issued overseas of RMB675,571,000.00, accounting for 30.21% of the total share capital.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January 1, 2025 to June 30, 2025*

*(Monetary unit for the Notes is RMB unless otherwise stated)*

### **I. COMPANY PROFILE (CONTINUED)**

As of June 30, 2025, the Company has a total of 2,236,276,000 shares of share capital and a registered capital of RMB2,236,276,000.00.

The Company operates within the generator and generating set manufacturing industry, specializing in the production and sales of power generation equipment and general contracting of power station projects.

Current major business segments include the manufacturing of complete sets of equipment and auxiliary machines for large-scale thermal power, hydropower, and nuclear power; power station turnkey projects; and the development, design, and manufacturing of leading products such as marine power plants and electric drive devices.

The parent company of the Company is Harbin Electric Corporation, and the ultimate controlling party is the SASAC.

The financial statements have been approved for release by the Board of Directors of the Company on August 28, 2025.



# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January 1, 2025 to June 30, 2025

(Monetary unit for the Notes is RMB unless otherwise stated)

## II. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS

A total of 41 subsidiaries were included in the scope of the consolidated financial statements for the current period, including 14 second-tier subsidiaries, 24 third-tier subsidiaries, and 3 fourth-tier subsidiaries. The second-tier subsidiaries include:

Name of subsidiary	Type of subsidiary	Tier	Shareholding proportion (%)	Voting right proportion (%)	Company Nature	Registered Capital
Harbin Electric Group Finance Company Limited	2	2	91.00	91.00	Limited Liability Company	1,500,000,000.00
Harbin Boiler Company Limited	1	2	100.00	100.00	Limited Liability Company	746,850,000.00
Harbin Turbine Company Limited	1	2	100.00	100.00	Limited Liability Company	2,908,625,810.93
HE Harbin POWER PLANT Valve Company Limited	1	2	45.00	45.00	Limited Liability Company	177,777,600.00
Harbin Electric Machinery Company Limited	1	2	100.00	100.00	Limited Liability Company	709,236,880.00
Harbin Electric Corporation (QHD) Heavy Equipment Company Limited	1	2	100.00	100.00	Limited Liability Company	2,322,700,000.00
Harbin Electric International Company Limited	1	2	100.00	100.00	Limited Liability Company	2,250,000,000.00
Harbin Electric Power Technology & Trade Company Limited	1	2	100.00	100.00	Limited Liability Company	27,000,000.00

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January 1, 2025 to June 30, 2025

(Monetary unit for the Notes is RMB unless otherwise stated)

## II. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Name of subsidiary	Type of subsidiary	Tier	Shareholding proportion (%)	Voting right proportion (%)	Company Nature	Registered Capital
Harbin Hadian Electric Company Limited	1	2	100.00	100.00	Limited Liability Company	20,000,000.00
Harbin Electric Group Shanxi Environmental Protection Engineering Company Limited	1	2	100.00	100.00	Limited Liability Company	98,000,000.00
Harbin Electric Finance Leasing (Tianjin) Company Limited	2	2	80.00	80.00	Limited Liability Company	500,000,000.00
Harbin Electric Group Biomass Power Generation (Dehui) Company Limited	1	2	100.00	100.00	Limited Liability Company	138,910,000.00
Harbin Electric Science and Technology Company Limited	1	2	100.00	100.00	Limited Liability Company	20,000,000.00
Harbin Electric Materials Company Limited	1	2	100.00	100.00	Limited Liability Company	30,000,000.00

Type of enterprise: 1. domestic non-financial subsidiary; 2. domestic financial subsidiary; 3. overseas subsidiary; 4. public institution.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January 1, 2025 to June 30, 2025

(Monetary unit for the Notes is RMB unless otherwise stated)

### III. BASIS OF PREPARATION FOR FINANCIAL STATEMENTS

#### 1. Basis of preparation

The Financial Statements of the Group are prepared on a going concern basis, as per the actually incurred transaction and events, the Accounting Standards for Business Enterprises issued by the Ministry of Finance and its application guidelines, interpretations and other relevant provisions thereof (hereinafter collectively referred to as “ASBEs”), and disclosure requirements in *Preparation Rules for Information Disclosures by Companies Offering Shares to the Public No. 15 – General Provisions on Financial Reports* (revised in 2023) issued by China Securities Regulatory Commission (CSRC), *Hong Kong Companies Ordinance and Listing Rules* of the Stock Exchange of Hong Kong.

#### 2. Going concern

It is believed reasonable that the Group's financial statements have been prepared based on going concern for recent profit-making history and sourced financial support.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January 1, 2025 to June 30, 2025*

*(Monetary unit for the Notes is RMB unless otherwise stated)*

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

### 1. Statement of compliance with ASBE

The financial statements prepared by the Company conform to the requirements of ASBE and truly, accurately, and completely reflect the financial position of the Company and the Group as of June 30, 2025, as well as the operating results and the cash flows from January to June 2025.

### 2. Accounting period

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

### 3. Business cycle

The business cycle of the Group is 12 months.

### 4. Bookkeeping currency

Except for Harbin Electric International (Hong Kong) Holdings Company Limited and Hassyan International Investment Limited, subsidiaries of the Company, which use the US Dollar (USD) as their bookkeeping currency, the Company and its other subsidiaries use Renminbi (RMB) as their bookkeeping currency.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January 1, 2025 to June 30, 2025

(Monetary unit for the Notes is RMB unless otherwise stated)

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 5. Bookkeeping basis and valuation principle

The Company takes the accrual basis as its bookkeeping base. When measuring the accounting elements, the Company generally employs the historical cost. If replacement cost, net realizable value, present value or fair value, and other attributes are employed in measurement according to the provisions of accounting standards, the Company will give explanations particularly.

### 6. Financial instruments

#### (1) *Recognition and derecognition of financial instruments*

A financial instrument is recognized as a financial asset or liability when the Group becomes a party thereto.

The financial assets are derecognized, i.e., transferred previously recognized financial assets from the balance sheet when 1) the right to receive the cash flow of the financial assets expired; or 2) the right to receive the cash flow of the financial assets has been transferred, or an obligation to pay the collected cash flow to a third party in full and on time has been undertaken under the “passing agreement,” in each case almost all risks and rewards related to the ownership of financial assets are substantially transferred, or although almost all risks and rewards related to the ownership are neither transferred nor retained in substance, the control over such financial assets is waived.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January 1, 2025 to June 30, 2025*

*(Monetary unit for the Notes is RMB unless otherwise stated)*

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 6. Financial instruments (Continued)

#### (1) *Recognition and derecognition of financial instruments (Continued)*

If the financial liabilities have been fulfilled, canceled, or expired, the financial liabilities will be derecognized. If the existing financial liability is replaced by another one with almost completely different terms by the same creditor, or almost all the terms of the existing liability are substantially modified, such replacement or modification shall be treated as derecognition of the original liability and recognition of a new liability, and the difference shall be included in the current profits and losses.

Financial assets sold and purchased conventionally are subject to recognition and derecognition according to accounting on the transaction date.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January 1, 2025 to June 30, 2025

(Monetary unit for the Notes is RMB unless otherwise stated)

### IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 6. Financial instruments (Continued)

##### (2) Classification and measurement of financial assets

At initial recognition, according to the Group's business mode of financial assets management and the contractual cash flow characteristics of financial assets, the Group classifies financial assets into financial assets measured at amortized cost, financial assets at fair value through other comprehensive income (FVTOCI), and financial assets at fair value through profit or loss (FVTPL). The Group reclassifies all affected financial assets only when changing the business mode of financial assets management.

When judging the business mode, the Group considers the way the company evaluates and reports to key executives the performance of financial assets, the risks affecting the performance of these financial assets and their management methods, as well as the way relevant business management personnel are paid. In evaluating whether its objective is to collect contractual cash flows, the Group needs to analyze and judge the reasons, time, frequency, and value of selling financial assets before the maturity date.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January 1, 2025 to June 30, 2025*

*(Monetary unit for the Notes is RMB unless otherwise stated)*

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 6. Financial instruments (Continued)

#### (2) *Classification and measurement of financial assets* *(Continued)*

When judging the characteristics of contractual cash flows, the Group needs to judge whether the contractual cash flows are only payments of the principal and the interest of the outstanding principal. This includes whether there is a significant difference from the base cash flows in cases of correction of the time value of money and whether the fair value of the early repayment characteristics is reasonably small for financial assets with early repayment characteristics.

At the time of initial recognition, financial assets are measured at fair value. However, if the accounts receivable or notes receivable arising from selling goods or providing services do not contain a major financing component or do not consider the financing component of more than one year, such financial assets are initially measured at transaction price.

For financial assets at FVTPL, related transaction expenses shall be directly included in the current profit and loss; the related transaction expenses of other financial assets shall be included in the initially recognized amount.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January 1, 2025 to June 30, 2025

(Monetary unit for the Notes is RMB unless otherwise stated)

### IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 6. Financial instruments (Continued)

##### (2) *Classification and measurement of financial assets* (Continued)

Subsequent measurement of financial assets depends on their classification:

##### 1) Financial assets measured at amortized cost

Financial assets that meet the following conditions simultaneously are classified as the financial assets measured at amortized cost: ① the business mode of the financial assets management takes the collection of contractual cash flow as the objective. ② The contract terms of the financial assets stipulate that the cash flow generated on a specific date is only the payment of the principal and the interest based on the outstanding principal amount. The Company's financial assets measured at amortized cost include accounts receivable, other receivables, financial assets held under resale agreements, long-term receivables (including the portion due within one year), and loans and advances.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January 1, 2025 to June 30, 2025*

*(Monetary unit for the Notes is RMB unless otherwise stated)*

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 6. Financial instruments (Continued)

#### (2) *Classification and measurement of financial assets (Continued)*

##### 2) Debt investments at FVTOCI

Financial assets that meet the following conditions simultaneously are classified as the financial assets at FVTOCI: ① The business mode of the financial assets management takes the collection of contractual cash flow and selling the financial assets as the objectives. ② The contract terms of the financial assets stipulate that the cash flow generated on a specific date is only the payment of the principal and the interest based on the outstanding principal amount. The interest income of the financial assets is recognized using the effective interest method. Changes in fair value are included in other comprehensive income, except for interest income, impairment losses, and exchange differences, which are included in current profit or loss. When the financial assets are derecognized, the accumulative gain or loss previously included in other comprehensive income shall be transferred from other comprehensive income, and included in the current profits and losses. The Company's debt investments at FVTOCI mainly include other debt investments.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January 1, 2025 to June 30, 2025*

*(Monetary unit for the Notes is RMB unless otherwise stated)*

### **IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)**

#### 6. Financial instruments (Continued)

##### *(2) Classification and measurement of financial assets (Continued)*

##### 3) Equity instrument investments at FVTOCI

The Group irrevocably designates some non-trading equity instrument investments as financial assets at FVTOCI. The Group only includes relevant dividend income (except for those recovered as part of investment cost) in current profit or loss. Subsequent changes in fair value are included in other comprehensive income, and no provision for impairment is required. When the financial assets are derecognized, the accumulative gain or loss previously included in other comprehensive income shall be transferred from other comprehensive income, and included in the retained earnings. The Group's financial assets under this classification consist of other equity instrument investments.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January 1, 2025 to June 30, 2025*

*(Monetary unit for the Notes is RMB unless otherwise stated)*

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 6. Financial instruments (Continued)

#### (2) *Classification and measurement of financial assets (Continued)*

##### 4) Financial assets at FVTPL

The Group classifies the financial assets other than the above financial assets measured at the amortized cost and the financial assets at FVTOCI into the financial assets at FVTPL. These financial assets are subsequently measured at the fair value and the changes in fair value are included in the current profit or loss except for those related to hedge accounting. The Group's financial assets under this classification mainly include financial assets held for trading and other non-current financial assets.

The financial assets will be classified as the financial assets at FVTPL if they are recognized by the Group in the business combination not under common control and constituted by the contingent consideration.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January 1, 2025 to June 30, 2025

(Monetary unit for the Notes is RMB unless otherwise stated)

### IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 6. Financial instruments (Continued)

##### (3) *Classification, recognition basis and measurement method of financial liabilities*

Except for the issued financial guarantee contracts, loan commitments to lend at a rate lower than market interest rates, and financial liabilities arising from the transfer of financial assets that do not meet the conditions for derecognition or continuous involvement in the transferred financial assets, the financial liabilities of the Group are classified into financial liabilities at FVTPL and financial liabilities measured at amortized cost at initial recognition. Related transaction expenses of financial liabilities at FVTPL are directly included in the current profit or loss while related transaction expenses of financial liabilities measured at amortized cost are included in their initially recognized amount.

Subsequent measurement of financial liabilities depends on their classification:

##### 1) Financial liabilities measured at amortized cost

The financial liabilities measured at amortized cost are subsequently measured at amortized cost using the effective interest method.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January 1, 2025 to June 30, 2025*

*(Monetary unit for the Notes is RMB unless otherwise stated)*

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 6. Financial instruments (Continued)

#### (3) *Classification, recognition basis and measurement method of financial liabilities (Continued)*

##### 2) Financial liabilities at FVTPL

Financial liabilities at FVTPL (including derivatives falling under financial liabilities) include financial liabilities held for trading and financial liabilities designated as financial liabilities at FVTPL when initially recognizing. Financial liabilities held for trading (including derivative instruments belonging to financial liabilities) are subsequently measured at fair value, and all changes in fair value are included in the current profit or loss, except when they relate to hedge accounting. Financial liabilities designated to be measured at FVTPL are subsequently measured at fair value. Changes in fair value caused by changes in the Group's own credit risk are included in other comprehensive income, and other changes in fair value are included in the current profit or loss; if including changes of fair value caused by the Group's own credit risk in other comprehensive income will cause or expand accounting mismatch in the profit or loss, the Group will include all changes in fair value (including the amount impacted by changes in its own credit risk) in the current profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January 1, 2025 to June 30, 2025

(Monetary unit for the Notes is RMB unless otherwise stated)

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 6. Financial instruments (Continued)

#### (4) *Impairment of financial instruments*

Based on the expected credit loss, the Group conducts impairment treatment and recognizes loss provisions for financial assets measured by amortized cost, debt investments measured at FVTOCI, contract assets, and lease receivables.

Expected credit loss refers to the weighted average of credit losses of financial instruments weighted by the risk of default. Credit loss refers to the difference between all contractual cash flows receivable according to the contract and discounted according to the original effective interest rate and all expected cash flows receivable, that is, the present value of all cash shortages of the Group. The factors reflected by the Group's method of measuring expected credit losses of financial instruments include 1) unbiased probability-weighted average amount determined by evaluating a series of possible outcomes; 2) currency time value; and 3) reasonable and evidenced information about past events, current conditions, and future economic forecasts obtained on the balance sheet date without paying unnecessary extra costs or efforts.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January 1, 2025 to June 30, 2025*

*(Monetary unit for the Notes is RMB unless otherwise stated)*

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 6. Financial instruments (Continued)

#### *(4) Impairment of financial instruments (Continued)*

The Group evaluates the expected credit losses of financial instruments based on individual items and portfolios. When evaluating on a portfolio basis, the Group classifies financial instruments into different groups based on their common credit risk characteristics. The common credit risk characteristics used by the Group include type of financial instruments, credit risk rating, geographical location of the debtor, industry engaged in by the debtor, overdue information, ageing of receivables, and guarantee.

The Group adopts the expected credit loss model to assess the impairment of financial instruments, in doing so, material judgment and estimate are required and all reasonable and evidence-based information, including forward-looking information, shall be considered. When making these judgments and estimates, the Group infers the expected changes of debtor's credit risk based on historical repayment data in combination with economic policies, macroeconomic indicators, industry risks, and other factors. Different estimates may affect the accrual of impairment provision, and the drawn impairment provision may not be equal to the actual amount of impairment loss in the future.



# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January 1, 2025 to June 30, 2025

(Monetary unit for the Notes is RMB unless otherwise stated)

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 6. Financial instruments (Continued)

#### (4) Impairment of financial instruments (Continued)

##### 1) Impairment assessment method of receivables

For the accounts receivable, notes receivable, and other receivables that do not contain material financing components formed from daily business activities such as selling goods and providing labor services, the Group uses simplified measurement methods to measure the loss provision according to the amount of the lifetime expected credit loss.

##### ① Portfolio category and determination basis of accounts receivable

For accounts receivable, except for determining its credit loss separately for the accounts with a material single amount, the Company, generally based on common credit risk characteristics portfolio, prepares a comparison table of ageing of accounts receivable and lifetime expected credit loss rate to calculate expected credit losses by considering the elements that should be reflected in the measurement of expected credit loss and referring to the experience in historical credit loss and in combination with the current situation and the forecast of future economic situation.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January 1, 2025 to June 30, 2025*

*(Monetary unit for the Notes is RMB unless otherwise stated)*

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 6. Financial instruments (Continued)

#### (4) Impairment of financial instruments (Continued)

##### 1) Impairment assessment method of receivables (Continued)

###### ① Portfolio category and determination basis of accounts receivable (Continued)

Based on the ageing of accounts receivable, guarantee, geographical location of the counterparty, nature of payment, credit risk exposure, historical payment collection, and other information, the Group divides the portfolio according to the similarity and correlation of credit risk characteristics. For receivables and contract assets, the Group judges ageing and counterparty relationship as the main influencing factors of its credit risk. Therefore, the Group evaluates its expected credit losses based on ageing portfolio and counterparty relationship.

The Group starts to calculate the ageing of accounts receivable according to the time point of revenue recognition.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January 1, 2025 to June 30, 2025

(Monetary unit for the Notes is RMB unless otherwise stated)

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

6. Financial instruments (Continued)

(4) Impairment of financial instruments (Continued)

1) Impairment assessment method of receivables (Continued)

① Portfolio category and determination basis of accounts receivable (Continued)

The portfolio of accounts receivable of the Group is divided as follows:

Portfolio according to credit risk characteristics	Expected loss provision ratio (%)
Ageing portfolio	Accrual according to the estimated loss rate in the whole duration
Portfolio of related parties within HE's consolidation scope	No provision for bad debts with reference to historical credit loss experience

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January 1, 2025 to June 30, 2025

(Monetary unit for the Notes is RMB unless otherwise stated)

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 6. Financial instruments (Continued)

#### (4) Impairment of financial instruments (Continued)

##### 1) Impairment assessment method of receivables (Continued)

###### ① Portfolio category and determination basis of accounts receivable (Continued)

The comparison table of ageing of accounts receivable and lifetime expected credit loss rate is as follows:

Ageing	Provision proportion (%)
Within 1 year	0.00-5.00
1-2 years	5.00-25.00
2-3 years	50.00
3-4 years	80.00
4-5 years	80.00
Over 5 years	100.00

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January 1, 2025 to June 30, 2025

(Monetary unit for the Notes is RMB unless otherwise stated)

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 6. Financial instruments (Continued)

#### (4) Impairment of financial instruments (Continued)

##### 1) Impairment assessment method of receivables (Continued)

##### ② Portfolio category and determination basis of notes receivable

Based on the acceptor's credit risk of notes receivable as a common risk characteristic, the Group divides them into bank acceptance bill portfolio and commercial acceptance bill portfolio and accrues provision for losses according to the expected loss rate.

##### ③ Contract assets

The contract assets of the Group mainly include quality guarantee deposits and costs incurred on completed but unsettled projects. No provision for bad debts is made for quality guarantee deposits during the warranty period, while provision for bad debts for costs incurred on completed but unsettled projects is recognized on an individual basis.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January 1, 2025 to June 30, 2025*

*(Monetary unit for the Notes is RMB unless otherwise stated)*

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 6. Financial instruments (Continued)

#### (4) *Impairment of financial instruments (Continued)*

##### 1) Impairment assessment method of receivables (Continued)

##### ④ Portfolio category and determination basis of other receivables

Other receivables of the Group mainly include deposits and security deposits receivable, employee pretty cash receivable, etc. According to the nature of receivables and the credit risk characteristics of different counterparties, the Group divides other receivables into 2 portfolios: ageing portfolio and portfolio of related parties within HE's consolidation scope. Loss provisions are made based on the expected loss rate in accordance with the Group's accounts receivable policy.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January 1, 2025 to June 30, 2025

(Monetary unit for the Notes is RMB unless otherwise stated)

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 6. Financial instruments (Continued)

#### (4) Impairment of financial instruments (Continued)

- 2) Impairment test method of other receivables, receivables financing, other current assets, other non-current assets, accounts receivable containing significant financing components, debt instruments at amortized cost, and other debt instruments at FVTOCI.

The Group adopts the general method (three-stage method) to accrue expected credit loss for financial assets other than those measured by the above-mentioned simplified measurement method, such as other receivables, receivables financing, other current assets, other non-current assets, accounts receivable containing significant financing components, debt instruments at amortized cost, and other debt instruments at FVTOCI. The Group evaluates whether the credit risks have increased significantly since the initial recognition on each balance sheet date. If not, it is in Stage 1, and the Group shall measure the loss provisions according to the amount equivalent to the 12-month expected credit loss, and calculate the interest income according to the book value and the actual interest rate; If the credit risks have increased significantly since the initial recognition but no credit impairment has occurred, it is in Stage 2, and the Group shall measure the loss provision according to the lifetime expected credit loss, and calculate the interest income according to the book value and the

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January 1, 2025 to June 30, 2025*

*(Monetary unit for the Notes is RMB unless otherwise stated)*

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 6. Financial instruments (Continued)

#### *(4) Impairment of financial instruments (Continued)*

- 2) Impairment test method of other receivables, receivables financing, other current assets, other non-current assets, accounts receivable containing significant financing components, debt instruments at amortized cost, and other debt instruments at FVTOCI.  
(Continued)

actual interest rate; If credit impairment occurs after initial recognition, it is in Stage 3, and the Group shall measure the loss provisions according to the amount equivalent to the lifetime expected credit loss, and calculate the interest income according to the amortized cost and the actual interest rate. For financial instruments with low credit risk on the balance sheet date, the Group assumes that the credit risk has not increased significantly since the initial recognition.

Lifetime expected credit loss refers to the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit loss refers to the portion of the lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months (or, the expected life, if the expected life of the financial instrument is less than 12 months) after the balance sheet date.



# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January 1, 2025 to June 30, 2025*

*(Monetary unit for the Notes is RMB unless otherwise stated)*

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 6. Financial instruments (Continued)

- (5) Recognition basis and measurement method for transfer of financial assets

For transactions of transfer of financial assets, if the Group has transferred almost all risks and rewards in the ownership of the financial assets to the transferee, such financial assets shall be derecognized; If almost all risks and rewards in the ownership of financial assets are retained, such financial assets shall not be derecognized; Where all risks and rewards in the ownership of financial assets are neither transferred nor retained and the control over the financial asset is waived, the financial assets shall be derecognized and the assets and liabilities incurred shall be recognized; If the control over the financial asset is not waived, relevant financial assets shall be recognized to the extent of further involvement in the transferred financial assets, and relevant liabilities shall be recognized correspondingly.

If the entire transfer of the financial assets meets derecognition conditions, the difference between the carrying amount of transferred financial asset on the date of derecognition and the sum of consideration received from the transfer and the amount originally included in other comprehensive income directly and that the accumulative amount of change in fair value corresponds to the derecognized part shall be included in the current profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January 1, 2025 to June 30, 2025*

*(Monetary unit for the Notes is RMB unless otherwise stated)*

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 6. Financial instruments (Continued)

- (5) Recognition basis and measurement method for transfer of financial assets (Continued)

If the partial transfer of the financial assets meets derecognition conditions, the entire carrying amount of the transferred financial assets shall be amortized at their own relative fair values between the derecognized part and the underecognized part, and the difference between the sum of consideration received from the transfer and the amount which should be amortized to the derecognized part, originally included in other comprehensive income and that the accumulative amount of change in fair value corresponds to the derecognized part and the entire carrying amount of the aforesaid financial assets amortized shall be included in the current profit or loss.

In case of further involvement through providing a financial guarantee for transferred financial assets, the assets formed by further involvement shall be recognized by the carrying amount and financial guarantee amount of financial assets, whichever is lower. The amount of financial guarantee refers to the highest amount required to be repaid among the consideration received.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January 1, 2025 to June 30, 2025

(Monetary unit for the Notes is RMB unless otherwise stated)

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 6. Financial instruments (Continued)

#### (6) *Difference between financial liability and equity instrument and related treatment method*

The Group distinguishes financial liabilities and equity instruments according to the following principles: 1) If the Group fails to unconditionally perform one contract obligation by delivering cash or other financial assets, the contract obligation satisfies the definition of financial liabilities. While some financial instruments do not expressly include the terms and conditions for the obligation to deliver cash or other financial assets, it is possible to form contract obligations indirectly through other terms and conditions. 2) If one financial instrument must or can be settled by the Group's own equity instruments, the Group's own equity instruments used for settling such instruments shall be considered as a substitute of cash or other financial assets, or as residual equity in the issuer's assets that the instrument holder enjoys after deducting all the liabilities. If it is the former one, the instrument is the financial liability of the issuer; if it is the latter, the instrument is the equity instrument of the issuer. Under certain circumstances, a financial instrument contract requires that the Group must or may settle the financial instrument with its own equity instruments, where the amount of contract rights or contract obligations is equal to the number of own equity instruments available or to be delivered multiplied by the fair value upon its settlement. In this case, regardless of whether the amount of the contract right or obligation is a fixed value or changes based in whole or in

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January 1, 2025 to June 30, 2025*

*(Monetary unit for the Notes is RMB unless otherwise stated)*

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 6. Financial instruments (Continued)

#### *(6) Difference between financial liability and equity instrument and related treatment method (Continued)*

part on changes in variables other than the market price of the Group's own equity instruments, the contract is classified as financial liabilities.

When classifying a financial instrument in the consolidated financial statements, the Group takes into consideration all the terms and conditions agreed between members of the Group and holders of financial instruments. If the Group as a whole has assumed the obligation to deliver cash, other financial assets or settle it by other means of rendering the instrument a financial liability, the instrument should be classified as a financial liability.

#### *(7) Derivative financial instruments*

Derivative financial instruments are initially measured at the fair value on the date of signing the derivative transaction contract, and subsequently measured at their fair values. Derivative financial instruments with positive fair value are recognized as an asset, and derivative financial instruments with negative fair value are recognized as a debt.

Except for those related to hedge accounting, gains or losses arising from changes in the fair value of derivative financial instruments are directly included in the current profits and losses.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January 1, 2025 to June 30, 2025*

*(Monetary unit for the Notes is RMB unless otherwise stated)*

### **IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)**

#### 6. Financial instruments (Continued)

##### *(8) Measurement of fair value*

The Group measures derivative financial instruments, financial assets held for trading, and equity instrument investments at fair value on each balance sheet date. Fair value refers to the price to be received for the sale of an asset or to be paid for the transfer of a liability by the market participants in the orderly transaction on the measurement date.

If the assets and liabilities are measured or disclosed at fair value in financial statements, the level to which the fair value belongs shall be determined according to the lowest level inputs, which is of significance to the integral measurement of fair value: the inputs for Level 1 are the unadjusted quotation of identical assets or liabilities in the active market which can be obtained on the measurement date; the inputs for Level 2 are the inputs directly or indirectly observable for relevant assets or liabilities other than those for Level 1; the inputs for Level 3 are the inputs that are unobservable for relevant assets or liabilities.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January 1, 2025 to June 30, 2025*

*(Monetary unit for the Notes is RMB unless otherwise stated)*

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 6. Financial instruments (Continued)

#### *(9) Offset of financial assets and financial liabilities*

Financial assets and financial liabilities of the Group shall be presented separately in the balance sheet and be not mutually offset. However, the net amount is presented in the balance sheet after being offset, when the following conditions are met at the same time: 1) The Group has a legal right to offset the recognized amount and that such legal rights are currently enforceable; 2) The Group plans to settle by the net amount or sell off financial assets and liquidate the financial liabilities at the same time.

### 7. Revenue recognition principles and measurement methods

The Group's operating revenue mainly includes revenue from sales of power generation equipment, engineering construction, and financial services.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January 1, 2025 to June 30, 2025

(Monetary unit for the Notes is RMB unless otherwise stated)

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 7. Revenue recognition principles and measurement methods (Continued)

#### (1) General principles

The Group has fulfilled its performance obligations of the contract, meaning it recognizes the revenue when the customer has obtained the control rights of the relevant goods or services. The acquisition of control over the relevant goods or services means to be able to dominate the use of the goods or the provision of the service and obtain almost all the economic benefits.

Performance obligation refers to the Group's promise in a contract to transfer distinguishable products to a customer. In case one of the following conditions is met, the Group will perform the performance obligations within a period of time. Otherwise, it will perform the performance obligations at a time point: ① The customer obtains and consumes the economic benefits brought by the Group while performing the contract; ② The customer can control the goods under construction during the Group's performance; ③ The goods generated during the performance of the Group are irreplaceable, and the Group is entitled to collect the amount for the performance accumulatively completed so far throughout the term of the Contract.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January 1, 2025 to June 30, 2025*

*(Monetary unit for the Notes is RMB unless otherwise stated)*

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 7. Revenue recognition principles and measurement methods (Continued)

#### (1) General principles (Continued)

For the performance obligations performed within a certain period of time, the Group shall recognize the revenue within that period according to the performance progress. If the performance progress cannot be reasonably confirmed, and the costs incurred by the Group can be expected to be compensated, the revenue shall be recognized according to the amount of costs incurred until the performance progress can be reasonably confirmed.

For performance obligations performed at a certain time point, the Group shall recognize the revenue at the time point when the customer gains control rights of the relevant goods. In determining whether a customer has obtained control of the goods, the Group shall take the following indications into comprehensive consideration: ① The Group enjoys the current collection right in regard to such goods, i.e. The customers have the obligation to pay immediately with respect to the goods; ② The Group has transferred the legal ownership of the goods to the customer, i.e. The customer owns the legal ownership of the goods; ③ The Group has transferred the goods to the customer in kind, i.e. The customer has possessed the goods; ④ The Group has transferred the major risks and rewards on the ownership of the goods to the customer, i.e. The customer has obtained the major risks and rewards on the ownership of the goods; ⑤ The customer has accepted such goods; ⑥ Other indications that the customer has obtained control of the goods.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January 1, 2025 to June 30, 2025*

*(Monetary unit for the Notes is RMB unless otherwise stated)*

### **IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)**

#### **7. Revenue recognition principles and measurement methods (Continued)**

##### *(1) General principles (Continued)*

If the contract contains two or more performance obligations, the Group shall, at the beginning of the contract, apportion the transaction price to each performance obligation according to the relative proportion of the individual selling price of the goods or services promised by each performance obligation, and measure the revenue according to the transaction price apportioned to each performance obligation.

The transaction price is the amount of consideration that the Group is expected to be entitled to receive for the transfer of goods or services to the customer, but excluding payments received on behalf of third parties and payments expected to be refunded to customers. When determining the transaction price, the Group considers the effects of variable consideration, contracts containing significant financing components, and other relevant factors.

Where there is a variable consideration in the contract, the Group determines the best estimate of the variable consideration based on the expected value or the most probable amount. The transaction price of the variable consideration is included, which shall not exceed the amount of accumulated recognized income that will most likely not be great reverse when the relevant uncertainty is removed. On each balance sheet date, the Group shall re-estimate the amount of variable consideration included in the transaction price.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January 1, 2025 to June 30, 2025*

*(Monetary unit for the Notes is RMB unless otherwise stated)*

## **IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)**

### **7. Revenue recognition principles and measurement methods (Continued)**

#### *(1) General principles (Continued)*

For contracts that contain significant financing components, the Group determines the transaction price by assuming that the customer pays the payable amount in cash upon obtaining control of the goods. The nominal amount of the contract consideration is discounted to the current selling price of the goods using a discount rate. The difference between the determined transaction price and the contracted promised consideration is amortized over the contract period using the effective interest rate method. At the commencement time of the contract, if the Group expects that the interval between the customer's acquisition of control over goods or services and the payment of the price by the customer will not exceed one year, the material financing component existing in the contract would not be considered.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January 1, 2025 to June 30, 2025*

*(Monetary unit for the Notes is RMB unless otherwise stated)*

### **IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)**

#### **7. Revenue recognition principles and measurement methods (Continued)**

##### *(1) General principles (Continued)*

The Group determines whether it is the principal responsible person or agent during transactions based on whether it has control over the goods before transferring the goods to customers. If the Group has control over the goods before transferring them to customers, the Group is the principal responsible person and recognizes the revenue according to the total consideration received or receivable; otherwise, the Group acts as an agent, and recognizes the revenue according to the amount of commission or handling charge expected to be entitled. The amount shall be determined based on the net amount of the total consideration received or receivable less amounts payable to other related parties, or based on predetermined commission amounts or rates.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January 1, 2025 to June 30, 2025*

*(Monetary unit for the Notes is RMB unless otherwise stated)*

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 7. Revenue recognition principles and measurement methods (Continued)

#### (1) General principles (Continued)

For any sales with a sales return clause, when the customer obtains control over relevant goods, the Group recognizes the revenue based on the amount of consideration expected to be entitled to receive due to the transfer of goods to the customer and recognizes the amount to be returned due to sales return as estimated liabilities; at the same time, according to the carrying amount of the returned goods when they are expected to be transferred, the balance after deducting the expected cost of recovering the goods (including the impairment of the value of the returned goods) is recognized as an asset, that is, the return cost receivable, and the net amount of the above asset cost is carried forward according to the carrying amount of the transferred goods when they are transferred. On each balance sheet date, the Group re-estimates the return of future sales and re-measures the above assets and liabilities.

According to the contractual stipulations, legal provisions, etc., the Group provides quality assurance for the goods sold, which belongs to the guarantee quality assurance to assure customers that the goods sold meet the established standards. The Group performs accounting treatment according to 24. Estimated liabilities of Note III.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January 1, 2025 to June 30, 2025*

*(Monetary unit for the Notes is RMB unless otherwise stated)*

### **IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)**

#### **7. Revenue recognition principles and measurement methods (Continued)**

##### *(2) Specific methods*

- 1) Specific method for revenue recognition at a point in time

According to the nature of various types of power generation equipment, sales revenue from the sale of equipment including boilers, steam turbines, gas turbines, turbo-generators, and other equipment below the 600MW class, excluding hydropower and nuclear power equipment, is recognized at a point in time upon receipt of the full set of relevant equipment.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January 1, 2025 to June 30, 2025*

*(Monetary unit for the Notes is RMB unless otherwise stated)*

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 7. Revenue recognition principles and measurement methods (Continued)

#### (2) *Specific methods (Continued)*

#### 2) Specific method for revenue recognition over a period of time

Based on the nature, scale, and other characteristics of power generation equipment, the following products are categorized as performance obligations fulfilled over a period of time: (1) boiler units, steam turbines, gas turbines, and turbo-generator main units of the 600MW class and above; (2) water turbines and hydro-generators; (3) reactor coolant pumps, nuclear power generators, MSR products (moisture separator reheaters), and nuclear island main equipment; and (4) engineering construction projects. The Company adopts the input method to recognize revenue, that is, the performance progress of services provided is determined according to the proportion of accumulated actual costs incurred to estimated total costs. If the performance progress cannot be reasonably determined and the costs incurred can be expected to be compensated, the revenue is recognized by the Company according to the costs incurred until the performance progress can be reasonably determined.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January 1, 2025 to June 30, 2025*

*(Monetary unit for the Notes is RMB unless otherwise stated)*

### **IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)**

#### **7. Revenue recognition principles and measurement methods (Continued)**

##### *(2) Specific methods (Continued)*

##### **3) Specific method for recognition of financial services revenue**

The revenue is recognized according to the time and effective interest rate of the abalienation of the right to use funds. Fee and commission income is earned through the provision of various services to customers. Specifically, fees and commissions charged for providing services within a certain period are recognized on average during the corresponding period, and other fees and commissions are recognized upon completion of the relevant transaction.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January 1, 2025 to June 30, 2025*

*(Monetary unit for the Notes is RMB unless otherwise stated)*

### IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

8. Changes in significant accounting policies and accounting estimates

*(1) Changes in significant accounting policies*

The Ministry of Finance issued the “Interpretation No. 18 of the Accounting Standards for Business Enterprises” (hereinafter referred to as “Interpretation No. 18”) in December 2024. In accordance with Interpretation No. 18, when accounting for the provision for liabilities arising from assurance-type quality guarantees that do not constitute a separate performance obligation, the determined amount of the provision for liabilities shall be recorded in accounts such as “Cost of main operations” and “Cost of other operations”. The Company has changed its accounting policies effective from January 1, 2024, and adjusted the financial statements for the corresponding period of the previous year. The implementation of Interpretation No. 18 has no significant impact on the profits of the Group.



# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January 1, 2025 to June 30, 2025

(Monetary unit for the Notes is RMB unless otherwise stated)

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

8. Changes in significant accounting policies and accounting estimates (Continued)

(1) *Changes in significant accounting policies (Continued)*

The impact of the implementation of Interpretation No. 18 on the relevant items in the consolidated income statement of the Group for the six months ended June 30, 2024 is as follows:

Affected Items	Before Change	Impact Amount	After Change
Operating costs	15,095,612,044.43	14,158,094.21	15,109,770,138.64
Selling expenses	253,579,762.53	-14,158,094.21	239,421,668.32

(2) *Changes in material accounting estimates*

None.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*For the six months ended on 30 June 2025*  
*(Unless otherwise stated, all amounts are denominated in CNY)*

## V. TAXES

1. Main taxes and tax rates

<b>Tax type</b>	<b>Taxation basis</b>	<b>Tax rate</b>
Value-added tax (VAT)	Taxable value-added amount is the difference of VAT output calculated based on the income from sales of goods and rendering of taxable services according to tax laws less deductible VAT input of the current period	3%, 6%, 9%, 10%, 13%
Urban maintenance and construction tax	Turnover tax actually paid	7%
Enterprise income tax	Taxable income	15%, 25%

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2025

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

### V. TAXES (CONTINUED)

#### 1. Main taxes and tax rates (Continued)

Taxpayer's description for the tax rates of different corporate income taxes:

Name of taxpayer	Income tax rate
Harbin Electric Company Limited	15%
Harbin Turbine Company Limited and its subsidiaries	15%
Harbin Electric Machinery Company Limited and its subsidiaries	15%
HE Harbin Power Plant Valve Company Limited and its subsidiaries	15%
Harbin Boiler Company Limited and its subsidiaries	15%
Harbin Electric Corporation (QHD) Heavy Equipment Company Limited	15%
Harbin Electric International Company Limited	15%
Harbin Electric Science and Technology Company Limited	15%
Overseas subsidiaries	Calculated and paid per local tax policy

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*For the six months ended on 30 June 2025  
(Unless otherwise stated, all amounts are denominated in CNY)*

### V. TAXES (CONTINUED)

#### 2. Tax preference

1. The Company and its subsidiaries—Harbin Turbine Company Limited and its subsidiaries, Harbin Electric Machinery Company Limited and its subsidiaries, HE Harbin Power Plant Valve Company Limited and its subsidiaries, Harbin Boiler Company Limited and its subsidiaries, Harbin Electric Corporation (QHD) Heavy Equipment Company Limited, Harbin Electric Science and Technology Company Limited—are recognized as high-tech enterprises jointly by the Department of Science and Technology of Heilongjiang Province, Finance Bureau of Heilongjiang Province, and Heilongjiang Provincial Tax Service, State Taxation Administration. According to the provisions of Article 28 of the *Enterprise Income Tax Law of the People's Republic of China*, they are subject to a 15% enterprise income tax rate. Harbin Electric International Company Limited has been granted the status of technologically advanced service enterprise and, in accordance with Document CS [2009] No. 63, is subject to a 15% enterprise income tax rate.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*For the six months ended on 30 June 2025*

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

### V. TAXES (CONTINUED)

#### 2. Tax preference (Continued)

2. According to the *Announcement on the Addition, Credit, and Deduction Policies for Value-added Tax of Advanced Manufacturing Enterprises* (Announcement No. 43 [2023] of the Ministry of Finance and State Taxation Administration), from January 1, 2023 to December 31, 2027, advanced manufacturing enterprises are allowed to offset the VAT payable by a further 5% in addition to the current deductible input tax. The above tax preferences are applicable to the subsidiaries of the Company, including HE Harbin Power Plant Valve Company Limited and its subsidiaries, Harbin Turbine Company Limited, Harbin Boiler Company Limited, Harbin Boiler Preheater Company Limited, Harbin Electric Machinery Company Limited, and Harbin Electric Corporation (QHD) Heavy Equipment Company Limited.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*For the six months ended on 30 June 2025  
(Unless otherwise stated, all amounts are denominated in CNY)*

### VI. NOTES TO MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

Unless otherwise stated, among the following disclosed data in the financial statements, “beginning” refers to January 1, 2025; “ending” refers to June 30, 2025; “current period” refers to the period from January 1 to June 30, 2025; “previous period” refers to the period from January 1 to June 30, 2024; and the monetary unit is RMB.

#### 1. Monetary fund

Item	Ending balance	Beginning balance
Cash on hand	530,606.47	384,197.08
Cash at bank	16,924,352,062.60	15,166,639,993.33
Other monetary funds	988,647,434.63	881,803,049.01
Total	17,913,530,103.70	16,048,827,239.42
Including: total amount deposited overseas	300,122,110.62	220,165,258.77

*Note:* Other monetary funds primarily consist of statutory reserves, bill deposits, and guarantee deposits.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2025

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

### VI. NOTES TO MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 2. Accounts receivable

##### (1) Accounts receivable presented by ageing

Ageing	Ending book value	Beginning book value
Within 1 year (including 1 year)	3,448,076,358.69	3,672,916,302.04
1-2 years	1,421,247,470.11	1,154,570,404.45
2-3 years	1,256,173,053.61	1,020,994,741.49
More than 3 years	3,265,134,614.52	3,249,961,844.75
Subtotal	9,390,631,496.93	9,098,443,292.73
Less: provision for bad debts	4,046,367,706.43	3,944,121,162.70
Total	5,344,263,790.50	5,154,322,130.03

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2025  
(Unless otherwise stated, all amounts are denominated in CNY)

## VI. NOTES TO MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 2. Accounts receivable (Continued)

(2) *Classified presentation of accounts receivable according to bad debt accrual method*

Category	Ending balance				Carrying amount
	Book value		Provision for bad debts		
	Amount	Proportion (%)	Amount	Provision proportion (%)	
Accounts receivable with provision for bad debts on a single basis	1,789,323,314.24	19.05	958,222,121.85	53.55	831,101,192.39
Accounts receivable with provision for bad debts on a portfolio basis	7,601,308,182.69	80.95	3,088,145,584.58	-	4,513,162,598.11
Including: Ageing portfolio	7,601,308,182.69	80.95	3,088,145,584.58	40.63	4,513,162,598.11
Total	9,390,631,496.93	100.00	4,046,367,706.43	-	5,344,263,790.50



# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2025

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

## VI. NOTES TO MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 2. Accounts receivable (Continued)

(2) *Classified presentation of accounts receivable according to bad debt accrual method (Continued)*

Category	Beginning balance				Carrying amount
	Book value		Provision for bad debts		
	Amount	Proportion (%)	Amount	Provision proportion (%)	
Accounts receivable with provision for bad debts on a single basis	1,799,630,050.10	19.78	817,157,376.10	45.41	982,472,674.00
Accounts receivable with provision for bad debts on a portfolio basis	7,298,813,242.63	80.22	3,126,963,786.60	–	4,171,849,456.03
Including: Ageing portfolio	7,298,813,242.63	80.22	3,126,963,786.60	42.84	4,171,849,456.03
Total	9,098,443,292.73	100.00	3,944,121,162.70	–	5,154,322,130.03

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*For the six months ended on 30 June 2025*  
(Unless otherwise stated, all amounts are denominated in CNY)

## VI. NOTES TO MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 2. Accounts receivable (Continued)

(2) *Classified presentation of accounts receivable according to bad debt accrual method (Continued)*

1) Provision for bad debt made individually for accounts receivable

Description	Book value	Ending balance		Reasons for provision
		Provision for bad debts	Provision proportion (%)	
Great Leader Thermoelectric (Private) Limited	330,141,655.21	15,754,516.73	4.77	Estimated recoverable amount
Ministry of Water Resources and Irrigation of the Republic of Sudan	283,050,376.75	283,050,376.75	100.00	Expected to be irrecoverable
The 703rd Research Institute of China State Shipbuilding Corporation Limited	150,759,148.89	78,935,361.87	52.36	Expected to be completely irrecoverable
State Grid Jilin Electric Power Co., Ltd. Changchun Electric Power Supply Company	144,301,057.55	0.00	0.00	Estimated recoverable amount
Coastal Energy Private Limited	136,819,605.04	136,819,605.04	100.00	Expected to be irrecoverable

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2025

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

## VI. NOTES TO MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 2. Accounts receivable (Continued)

(2) *Classified presentation of accounts receivable according to bad debt accrual method (Continued)*

1) Provision for bad debt made individually for accounts receivable (Continued)

Description	Book value	Ending balance		Reasons for provision
		Provision for bad debts	Provision proportion (%)	
Kolin, owner of the Türkiye Soma Project	90,027,570.37	19,423,583.04	21.58	Expected to be completely irrecoverable
Freesky Aviation Co., Ltd.	62,306,158.70	62,306,158.70	100.00	Expected to be irrecoverable
Harbin Electric Corporation Biomass Power Generation (Fuyuan) Company Limited	56,745,986.84	0.00	0.00	Estimated recoverable amount
Jiangsu Delong Nickel Industry Co., Ltd.	53,280,000.00	53,280,000.00	100.00	Expected to be irrecoverable
Harbin Electric Corporation Biomass Power Generation (Wangkui) Company Limited	52,058,540.07	0.00	0.00	Estimated recoverable amount

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*For the six months ended on 30 June 2025*  
(Unless otherwise stated, all amounts are denominated in CNY)

### VI. NOTES TO MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 2. Accounts receivable (Continued)

(2) *Classified presentation of accounts receivable according to bad debt accrual method (Continued)*

1) Provision for bad debt made individually for accounts receivable (Continued)

Description	Book value	Ending balance		Reasons for provision
		Provision for bad debts	Provision proportion (%)	
China Energy Engineering Group Tianjin Electric Power Construction Co., Ltd.	49,000,000.00	30,843,201.70	62.95	Estimated recoverable amount
Punjab Thermal Power (Private) Limited	56,736,764.86	0.00	0.00	Estimated recoverable amount
Ministry of Electricity and Dams of Sudan	39,746,329.91	39,746,329.91	100.00	Expected to be irrecoverable
Ordos Green Energy Photoelectric Co., Ltd.	37,582,892.87	37,582,892.87	100.00	Expected to be irrecoverable
National Electricity Corporation of Sudan	55,835,863.32	55,835,863.32	100.00	Expected to be irrecoverable

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2025

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

### VI. NOTES TO MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 2. Accounts receivable (Continued)

(2) *Classified presentation of accounts receivable according to bad debt accrual method (Continued)*

1) Provision for bad debt made individually for accounts receivable (Continued)

Description	Book value	Ending balance		Reasons for provision
		Provision for bad debts	Provision proportion (%)	
Ningxia Kunpeng Clean Energy Co., Ltd.	24,120,000.00	24,120,000.00	100.00	Expected to be irrecoverable
Sinosplendor Engineering & Technology Co., Ltd.	21,880,000.00	21,880,000.00	100.00	Expected to be irrecoverable
Datang Environment Industry Group Co., Ltd. Leizhou Project Branch	21,507,908.73	21,507,908.73	100.00	Expected to be irrecoverable
Sudanese Thermal Power Generation Company, Ministry of Dams	16,298,973.22	16,298,973.22	100.00	Expected to be irrecoverable
Others	107,124,481.91	60,837,349.97	-	-
Total	1,789,323,314.24	958,222,121.85	-	-

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*For the six months ended on 30 June 2025*  
(Unless otherwise stated, all amounts are denominated in CNY)

## VI. NOTES TO MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 2. Accounts receivable (Continued)

(2) *Classified presentation of accounts receivable according to bad debt accrual method (Continued)*

2) Provision for bad debts of accounts receivable accrued as per portfolio – ageing portfolio

Ageing	Ending balance		
	Book value	Provision for bad debts	Provision proportion (%)
Within 1 year (including 1 year)	3,046,799,857.00	122,669,206.55	4.03
1-2 years	1,043,518,964.78	259,687,737.40	24.89
2-3 years	1,061,883,824.53	530,941,912.27	50.00
More than 3 years	2,449,105,536.38	2,174,846,728.36	88.80
Total	7,601,308,182.69	3,088,145,584.58	-

(3) *Movement of bad debt provision made, recovered, or reversed for accounts receivable in the current period*

The net amount of provision for bad debts made, recovered, or reversed during the current period amounted to RMB102,246,543.73.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2025

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

## VI. NOTES TO MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 2. Accounts receivable (Continued)

#### (4) Accounts receivable actually written off this period

No accounts receivable are actually written off in the current period.

#### (5) Accounts receivable and contract assets with top five ending balances collected as per the borrowers

Company Name	Ending balance of accounts receivable and contract assets	Proportion in total ending balance of accounts receivable and contract assets	Ending balance of the provision for bad debts for accounts receivable and contract assets
The 703rd Research Institute of China State Shipbuilding Corporation Limited	651,168,425.85	3.02	127,358,065.52
CHINERGY Co., Ltd.	557,550,366.82	2.58	502,450.60
China Nuclear Power Engineering Co., Ltd. (CNNC)	437,591,290.40	2.03	7,559,139.97
Jamshoro Power Company Limited	395,894,280.17	1.83	14,717.93
China Nuclear Power Engineering Co., Ltd. (CGN)	381,193,135.89	1.77	214,926.60
Total	2,423,397,499.13	11.23	135,649,300.62

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2025  
(Unless otherwise stated, all amounts are denominated in CNY)

## VI. NOTES TO MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 3. Advances to suppliers

#### (1) Ageing of advances to suppliers

Item	Ending balance		Provision for bad debts
	Amount	Proportion (%)	
Within 1 year (including 1 year)	6,435,608,222.64	81.17	0.00
1-2 years	1,178,984,880.68	14.87	0.00
2-3 years	258,608,525.10	3.26	0.00
More than 3 years	55,672,835.49	0.70	6,799,892.41
Total	7,928,874,463.91	100.00	6,799,892.41

Item	Beginning balance		Provision for bad debts
	Amount	Proportion (%)	
Within 1 year (including 1 year)	6,517,574,682.37	75.25	0.00
1-2 years	1,797,880,212.63	20.76	0.00
2-3 years	272,562,846.55	3.15	0.00
More than 3 years	72,818,303.48	0.84	6,799,892.41
Total	8,660,836,045.03	100.00	6,799,892.41



# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2025

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

## VI. NOTES TO MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 3. Advances to suppliers (Continued)

(2) *Advances to suppliers with top five ending balances collected as per the suppliers*

Company Name	Ending balance	Proportion in total ending balance of advances to suppliers (%)
GE Global Parts and Products GMBH	782,053,316.45	9.86
FOMAS S.p. A.	313,682,872.79	3.96
POWELL TECHNOLOGY ENGINEERING CO., L	233,460,495.58	2.94
Reach-All Global Logistics Co., Ltd. (Dalian)	205,723,333.77	2.59
Erzhong (Deyang) Heavy Equipment Co., Ltd.	196,320,514.95	2.48
Total	1,731,240,533.54	21.83

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*For the six months ended on 30 June 2025  
(Unless otherwise stated, all amounts are denominated in CNY)*

## VI. NOTES TO MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 4. Other receivables

Item	Ending balance	Beginning balance
Interest receivable	12,946,827.81	9,019,882.59
Dividends receivable	8,842,879.26	4,681,732.00
Other receivables	1,399,149,161.06	1,114,247,998.56
Total	1,420,938,868.13	1,127,949,613.15

#### 4.1 Interest receivable

Item	Ending balance	Beginning balance
Interest on fixed deposits	12,946,827.81	9,019,882.59

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2025

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

### VI. NOTES TO MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 4. Other receivables (Continued)

##### 4.2 Dividends receivable

Item	Ending balance	Beginning balance
Dividends receivable with ageing within 1 year	4,161,147.26	0.00
Harbin Huitong Electric Power Engineering Co., Ltd.	4,161,147.26	0.00
Dividends receivable with ageing over 1 year	4,681,732.00	4,681,732.00
Harbin Huitong Electric Power Engineering Co., Ltd.	4,681,732.00	4,681,732.00
Total	8,842,879.26	4,681,732.00

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2025  
(Unless otherwise stated, all amounts are denominated in CNY)

### VI. NOTES TO MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 4. Other receivables (Continued)

##### 4.3 Other receivables

##### (1) Other receivables listed as per ageing

Ageing	Ending book value	Beginning book value
Within 1 year (including 1 year)	607,450,849.74	362,116,920.85
1-2 years	222,314,668.13	212,826,206.96
2-3 years	45,803,583.45	183,899,689.50
More than 3 years	909,599,644.54	689,791,641.42
Subtotal	1,785,168,745.86	1,448,634,458.73
Less: provision for bad debts	386,019,584.80	334,386,460.17
Total	1,399,149,161.06	1,114,247,998.56

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2025

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

### VI. NOTES TO MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 4. Other receivables (Continued)

##### 4.3 Other receivables (Continued)

- (2) Other receivables with provision for bad debts calculated and accrued, recovered, or reversed in the current period

Provision for bad debts	Stage 1	Stage 2	Stage 3	Total
	12-month expected credit loss	Lifetime expected credit loss (no credit impairment occurs)	Lifetime expected credit loss (credit impairment has occurred)	
Beginning balance	199,222,612.78	0.00	135,163,847.39	334,386,460.17
Beginning balance in the current period	-	-	-	-
- Be transferred to Stage 2	0.00	0.00	0.00	0.00
- Be transferred to Stage 3	0.00	0.00	0.00	0.00
- Be transferred back to Stage 2	0.00	0.00	0.00	0.00
- Be transferred back to Stage 1	0.00	0.00	0.00	0.00

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2025  
(Unless otherwise stated, all amounts are denominated in CNY)

## VI. NOTES TO MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 4. Other receivables (Continued)

#### 4.3 Other receivables (Continued)

- (2) Other receivables with provision for bad debts calculated and accrued, recovered, or reversed in the current period (Continued)

Provision for bad debts	Stage 1	Stage 2	Stage 3	Total
	12-month expected credit loss	Lifetime expected credit loss (no credit impairment occurs)	Lifetime expected credit loss (credit impairment has occurred)	
Provision in the current period	52,045,784.68	0.00	0.00	52,045,784.68
Reversal in the current period	0.00	0.00	164,929.00	164,929.00
Write-off in the current period	0.00	0.00	0.00	0.00
Verification in the current period	0.00	0.00	0.00	0.00
Other changes	0.00	0.00	247,731.05	247,731.05
Ending balance	251,268,397.46	0.00	134,751,187.34	386,019,584.80

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2025

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

### VI. NOTES TO MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 4. Other receivables (Continued)

##### 4.3 Other receivables (Continued)

- (3) Other receivables with top five ending balances collected as per the borrowers

Company Name	Nature	Ending balance	Ageing	Proportion in total ending balance of other receivables (%)	Provision for bad debts Ending balance
The Second Construction Co., Ltd. of China Construction Third Engineering Bureau	Advance payments	357,909,428.19	Within 5 years	20.05	0.00
Zhongchengxiang (Yantai) LNG Co., Ltd.	Guarantee deposits	106,296,339.57	3-4 years	5.95	0.00
ANDRITZ (China) Ltd.	Advance payments	79,252,474.76	Within 5 years	4.44	67,323,026.39
NAWRAS POWER COMPANY LLC	Advance payments	70,787,317.36	Within 1 year	3.97	0.00
RIHAB ELAWAL POWER COMPANY LLC	Advance payments	56,572,709.76	Within 1 year	3.17	0.00
Total	-	670,818,269.64	-	37.58	67,323,026.39

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2025  
(Unless otherwise stated, all amounts are denominated in CNY)

## VI. NOTES TO MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 5. Inventories

#### (1) Category of inventories

Item	Ending balance		
	Provision for inventory impairment/Provision for impairment of contract		
	Book value	performance cost	Carrying amount
Raw materials	5,543,688,307.96	221,543,277.52	5,322,145,030.44
Goods in process	11,483,944,616.84	229,304,056.89	11,254,640,559.95
Goods in stock	160,712,676.48	26,923,222.28	133,789,454.20
Revolving materials (packaging materials, low value consumables, etc.)	30,360,192.91	625,607.35	29,734,585.56
Contract performance cost	252,372,685.44	144,203,713.46	108,168,971.98
Total	17,471,078,479.63	622,599,877.50	16,848,478,602.13



# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2025

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

## VI. NOTES TO MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 5. Inventories (Continued)

#### (1) Category of inventories (Continued)

Item	Book value	Beginning balance	Carrying amount
		Provision for inventory impairment/Provision for impairment of contract performance cost	
Raw materials	4,680,342,215.34	191,312,806.54	4,489,029,408.80
Goods in process	10,057,994,849.70	229,327,005.73	9,828,667,843.97
Goods in stock	175,570,931.54	25,578,068.24	149,992,863.30
Revolving materials (packaging materials, low value consumables, etc.)	29,812,625.84	626,068.89	29,186,556.95
Contract performance cost	230,662,821.19	145,759,968.10	84,902,853.09
Total	15,174,383,443.61	592,603,917.50	14,581,779,526.11

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*For the six months ended on 30 June 2025*  
(Unless otherwise stated, all amounts are denominated in CNY)

## VI. NOTES TO MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 5. Inventories (Continued)

#### (2) Provision for inventory impairment/contract performance cost impairment

Item	Beginning balance	Increase in the current period	
		Accrual	Others
Raw materials	191,312,806.54	31,206,018.24	0.00
Goods in process	229,327,005.73	0.00	0.00
Goods in stock	25,578,068.24	1,477,685.41	0.00
Turnover materials	626,068.89	0.00	0.00
Contract performance cost	145,759,968.10	0.00	0.00
Total	592,603,917.50	32,683,703.65	0.00

Item	Decrease in the current period		
	Reversal or write-off	Others	Ending balance
Raw materials	975,547.26	0.00	221,543,277.52
Goods in process	22,948.84	0.00	229,304,056.89
Goods in stock	132,531.37	0.00	26,923,222.28
Turnover materials	461.54	0.00	625,607.35
Contract performance cost	1,556,254.64	0.00	144,203,713.46
Total	2,687,743.65	0.00	622,599,877.50

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2025

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

## VI. NOTES TO MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 6. Contract assets

#### (1) Contract assets

Item	Ending balance		
	Book value	Provision for bad debts	Carrying amount
Quality Guarantee Deposit	5,495,761,290.20	840,771,237.97	4,654,990,052.23
Completed but unsettled projects	6,691,373,920.67	406,119,616.45	6,285,254,304.22
Total	12,187,135,210.87	1,246,890,854.42	10,940,244,356.45

Item	Beginning balance		
	Book value	Provision for bad debts	Carrying amount
Quality Guarantee Deposit	6,962,373,853.34	833,715,481.84	6,128,658,371.50
Completed but unsettled projects	4,101,434,908.17	351,081,097.22	3,750,353,810.95
Total	11,063,808,761.51	1,184,796,579.06	9,879,012,182.45

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*For the six months ended on 30 June 2025*  
(Unless otherwise stated, all amounts are denominated in CNY)

### VI. NOTES TO MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 6. Contract assets (Continued)

(2) *Classified presentation of contract assets according to bad debt accrual method*

Category	Ending balance				
	Book value		Provision for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Provision proportion (%)	
Provision for bad debt made individually	8,997,146,960.40	73.82	486,859,291.17	5.41	8,510,287,669.23
Provision for bad debt made by portfolio	3,189,988,250.47	26.18	760,031,563.25	23.83	2,429,956,687.22
Including: Ageing portfolio	3,189,988,250.47	26.18	760,031,563.25	23.83	2,429,956,687.22
Total	12,187,135,210.87	100.00	1,246,890,854.42	-	10,940,244,356.45

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2025

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

## VI. NOTES TO MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 6. Contract assets (Continued)

(2) *Classified presentation of contract assets according to bad debt accrual method (Continued)*

Category	Beginning balance				Carrying amount
	Book value		Provision for bad debts		
	Amount	Proportion (%)	Amount	Provision proportion (%)	
Provision for bad debt made individually	7,752,482,425.43	70.07	468,130,739.88	6.04	7,284,351,685.55
Provision for bad debt made by portfolio	3,311,326,336.08	29.93	716,665,839.18	21.64	2,594,660,496.90
Including: Ageing portfolio	3,311,326,336.08	29.93	716,665,839.18	21.64	2,594,660,496.90
Total	11,063,808,761.51	100.00	1,184,796,579.06	–	9,879,012,182.45

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*For the six months ended on 30 June 2025  
(Unless otherwise stated, all amounts are denominated in CNY)*

### VI. NOTES TO MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 7. Other current assets

Item	Ending balance	Beginning balance
Entrusted loan	260,473,021.97	195,000,000.00
Input tax and withholding tax to be deducted	452,775,259.39	430,687,750.16
Other debt investments	3,965,670,207.24	1,971,602,700.00
Others	0.00	1,531,507.37
Total	4,678,918,488.60	2,598,821,957.53

#### 8. Changes in long-term assets such as investment properties, fixed assets, and intangible assets

Investment properties of the Group primarily comprise plants & buildings and land use rights; fixed assets primarily comprise plants & buildings, machinery equipment, transportation equipment, office equipment, electronic equipment, and others; intangible assets primarily comprise land use rights, non-patented technologies, patented technologies, software, and franchise rights.

For the six months ended June 30, 2025, the Group sold certain plants and machinery equipment with a carrying amount of RMB7,647,881.58 (for the six months ended June 30, 2024: RMB8,379,473.27) for proceeds of RMB5,077,500.00, resulting in an income from disposal of RMB2,408,683.04 (for the six months ended June 30, 2024: income from disposal of RMB2,273,384.10).

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2025

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

### VI. NOTES TO MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Changes in long-term assets such as investment properties, fixed assets, and intangible assets (Continued)

For the six months ended June 30, 2025, the Group incurred capital expenditures of RMB625,426,005.07 (for the six months ended June 30, 2024: RMB582,090,642.83), primarily allocated to construction in progress, machinery equipment, transportation equipment, and others for enhancing production capacity.

9. Other non-current assets

Item	Ending balance	Beginning balance
Long-term asset purchase prepayment	210,889,259.85	155,251,865.92
Dubai Hassyan Project Investment Company	655,899,652.59	658,630,048.15
Total	866,788,912.44	813,881,914.07

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*For the six months ended on 30 June 2025*  
*(Unless otherwise stated, all amounts are denominated in CNY)*

### VI. NOTES TO MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 10. Short-term borrowings

##### *Classification*

Type of borrowings	Ending balance	Beginning balance
Credit borrowings	3,626,492,748.76	4,481,698,651.76

#### 11. Accounts payable

##### *Presentation of accounts payable*

Item	Ending balance	Beginning balance
Within 1 year (including 1 year)	15,815,962,219.85	13,256,645,526.69
1-2 years	1,524,893,678.54	1,277,035,318.60
2-3 years	812,504,825.52	798,966,792.55
More than 3 years	1,356,093,666.20	1,236,680,815.97
Total	19,509,454,390.11	16,569,328,453.81



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2025

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

### VI. NOTES TO MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 12. Contract liabilities

Item	Ending balance	Beginning balance
Advances for equipment and project funds	29,055,919,606.07	26,481,644,744.09

#### 13. Non-current liabilities due within one year

Item	Ending balance	Beginning balance
Long-term borrowings due within one year	735,452,222.24	377,012,300.00
Lease liabilities due within one year	536,423.24	4,958,447.45
Total	735,988,645.48	381,970,747.45

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2025  
(Unless otherwise stated, all amounts are denominated in CNY)

## VI. NOTES TO MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 14. Share capital

Item	Beginning balance	Increase (+)/decrease (-) in the current period					Ending balance
		New shares issued	Bonus issue	Shares converted from reserves	Others	Subtotal	
Harbin Electric Corporation	1,560,705,000.00	0.00	0.00	0.00	0.00	0.00	1,560,705,000.00
Overseas listed and tradable shares	675,571,000.00	0.00	0.00	0.00	0.00	0.00	675,571,000.00
Total	2,236,276,000.00	0.00	0.00	0.00	0.00	0.00	2,236,276,000.00

### 15. Operating revenue and operating cost

#### (1) *Determination basis and accounting policy of reportable segments*

The Company has structured its main businesses into three operational systems—a new-type power system centered on new energy, a clean and efficient industrial system, and a green, low-carbon drive system—based on its internal organizational structure, management requirements, and internal reporting system. At the same time, the finance company and other non-main businesses are treated as a separate business segment. Each reportable segment of the Company provides distinct products or services, or operates in different geographical regions. As each segment requires unique technologies or market strategies, the Company's management individually oversees the operating activities of each reportable segment and periodically evaluates their operating results to determine resource allocation and assess their performance.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*For the six months ended on 30 June 2025*

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

### VI. NOTES TO MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 15. Operating revenue and operating cost (Continued)

##### (1) *Determination basis and accounting policy of reportable segments (Continued)*

Inter-segment transfer prices are determined based on actual transaction prices. Indirect expenses attributable to segments are allocated proportionally according to revenue. Assets are allocated based on segment operations and physical location, while segment liabilities include liabilities attributable to the segment's operating activities. Where liabilities are jointly incurred by multiple operating segments, such shared liabilities are allocated to these segments in proportion to the expenses borne by each.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2025  
(Unless otherwise stated, all amounts are denominated in CNY)

## VI. NOTES TO MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 15. Operating revenue and operating cost (Continued)

#### (2) Financial information of reportable segments

#### 1) Segment financial information from January to June 2025

Item	New-type power system centered on new energy	Green, low-carbon drive system	Clean and efficient industrial system	Other businesses	Offset	Total
I. Operating revenue	15,900,846,674.42	170,756,824.91	2,267,264,536.10	6,099,171,846.57	-1,761,935,703.53	22,696,104,178.47
Including: external transaction revenue	14,463,161,536.87	170,756,824.91	2,259,322,812.47	5,802,843,004.22	0.00	22,696,104,178.47
Intra-segment transaction revenue	1,437,665,137.55	0.00	27,941,723.63	296,328,842.35	-1,761,935,703.53	0.00
II. Investment income from the joint ventures and associates	28,025,566.20	300,962.38	4,031,350.34	10,749,914.64	0.00	43,107,793.56
III. Loss from asset impairment	-60,640,522.76	-651,209.55	-8,722,863.63	-23,260,206.00	0.00	-93,274,801.94
IV. Credit impairment losses	-124,969,605.94	-1,342,029.99	-17,976,309.92	-47,935,252.62	-4,262,500.00	-196,485,698.47
V. Depreciation and amortization expenses	251,164,329.21	2,697,216.33	36,128,847.39	96,340,429.99	-686,187.73	385,644,635.19
VI. Total profit	1,240,244,362.06	13,318,799.54	178,403,515.46	475,727,088.68	-680,258,050.28	1,227,435,715.46
VII. Income tax expenses	111,238,839.50	1,194,577.33	16,001,201.56	42,668,469.93	0.00	171,103,088.32
VIII. Net profit	1,129,005,522.56	12,124,222.21	162,402,313.90	433,058,618.75	-680,258,050.28	1,056,332,627.14
IX. Total assets	79,265,508,636.10	851,220,495.15	11,401,983,212.06	30,404,290,323.43	-41,512,969,677.32	80,410,032,989.42
X. Total liabilities	61,110,911,410.96	656,260,978.65	8,790,326,900.93	23,440,635,459.72	-30,409,850,127.35	63,588,484,622.91

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2025

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

## VI. NOTES TO MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 15. Operating revenue and operating cost (Continued)

#### (2) Financial information of reportable segments (Continued)

#### 2) Segment financial information from January to June 2024

Item	New-type power system centered on new energy	Green, low-carbon drive system	Clean and efficient industrial system	Other businesses	Offset	Total
I. Operating revenue	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 revenue	9,607,496,888.28	500,275,021.05	2,146,112,730.42	5,006,751,857.28	0.00	17,260,636,497.03
Intra-segment transaction revenue	2,226,374,925.45	0.00	211,731,046.13	459,052,135.17	-2,897,158,106.75	0.00
II. Investment income from the joint ventures and associates	25,827,323.02	1,090,985.54	5,146,988.24	11,926,055.65	0.00	43,991,352.45
III. Loss from asset impairment	-48,114,051.70	-2,032,410.97	-9,588,390.48	-22,217,202.21	0.00	-81,952,055.36
IV. Credit impairment 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 expenses	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 expenses	87,717,257.83	3,705,310.84	17,480,700.33	40,504,426.17	0.00	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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*For the six months ended on 30 June 2025*  
(Unless otherwise stated, all amounts are denominated in CNY)

### VI. NOTES TO MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 16. Administrative expenses

Item	Amount incurred in the current period	Amount in the previous period
Employee salary	381,714,576.48	325,677,609.51
Depreciation and amortization expenses	109,964,713.77	97,759,883.59
Repair expenses	64,413,040.40	69,459,679.59
Business travel expense	29,963,632.70	32,258,416.83
Labor service outsourcing expenses	23,170,180.09	14,162,991.07
Transportation expenses	13,083,758.64	12,211,411.78
Consulting service fee	14,308,604.45	7,305,902.87
Working funds for Party building	10,445,274.62	1,641,155.92
Office expenses	10,434,695.56	9,683,354.86
Utility bills	8,533,346.85	7,109,081.78
Property management fees	7,536,088.64	5,680,579.83
Intermediary agency fee	7,284,523.03	9,324,808.31
Rental expenses	6,991,745.86	1,334,560.12
Test and inspection expenses	5,277,274.23	3,374,514.32
Business entertainment expenses	5,048,486.52	8,397,515.68
Labor protection expenses	3,787,490.62	6,968,563.08
Advertising expenses	2,960,219.58	3,250,425.07
Others	53,468,212.28	42,848,053.88
Total	758,385,864.32	658,448,508.09

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2025

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

### VI. NOTES TO MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 17. Financial expenses

Item	Amount incurred in the current period	Amount in the previous period
Interest expenses	70,434,251.46	78,377,903.38
Less: interest income	19,210,740.05	13,189,495.14
Add: net exchange loss	78,741,721.80	61,323,866.39
Bank service charges	15,880,866.84	19,965,251.86
Total	145,846,100.05	146,477,526.49

#### 18. Credit impairment loss

Item	Amount incurred in the current period	Amount in the previous period
Bad debt loss	-164,647,350.97	15,629,160.48
Impairment loss of other debt investments	-31,838,347.50	0.00
Total	-196,485,698.47	15,629,160.48

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*For the six months ended on 30 June 2025  
(Unless otherwise stated, all amounts are denominated in CNY)*

### VI. NOTES TO MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 19. Asset impairment loss

Item	Amount incurred in the current period	Amount in the previous period
Inventory impairment loss	-30,870,653.12	-7,373,314.31
Impairment loss of contract assets	-62,094,275.36	-74,578,741.05
Impairment loss of fixed assets	-309,873.46	0.00
Total	-93,274,801.94	-81,952,055.36



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2025

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

### VI. NOTES TO MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 20. Assets with ownership and right of use restricted

Item	Ending carrying amount	Reasons for restriction
Monetary fund	1,087,235,775.41	Deposits for acceptance bills, legal deposits with central banks, etc.
Fixed assets	267,570,662.01	Note 1 and Note 2
Intangible assets	21,670,572.79	Note 1
Construction in progress	598,844.73	Note 2

Note 1: In 2014, the Company's subsidiary, Harbin Electric Machinery (Zhenjiang) Co., Ltd., entered into maximum amount mortgage contracts with Bank of China Limited Zhenjiang Branch: (1) Contract No. 150319582E14061201-2 (maximum amount: RMB54,967,600.00) mortgaged plants & buildings. (2) Contract No. 150319582E14061201-1 (maximum amount: RMB21,991,830.00) mortgaged land. The mortgage contract for plants & buildings (Contract No. 150319582E14061201-2) expired on June 1, 2017, and the mortgage contract for land (Contract No. 150319582E14061201-1) expired on June 1, 2017. As the underlying obligations remain outstanding, both contracts retain legal validity.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*For the six months ended on 30 June 2025  
(Unless otherwise stated, all amounts are denominated in CNY)*

### VI. NOTES TO MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 20. Assets with ownership and right of use restricted (Continued)

*Note 2:* On May 23, 2019, given that Longyu Hongda Investment Management Co., Ltd. (hereinafter referred to as "Longyu Hongda") is a shareholder holding 44.6218% equity in the Company's controlled subsidiary Jilin Zesheng Environmental Protection Engineering Co., Ltd. (hereinafter referred to as "Zesheng Environmental Protection"), Zesheng Environmental Protection, due to the construction of a hazardous waste treatment project in Mehekou City, Jilin Province (including the construction of plants and the purchase and installation of machinery equipment), proposed to borrow RMB270 million from Longyu Hongda for a term of five years. The loan contract stipulated a collateral clause: Zesheng Environmental Protection pledged to provide a joint and several liability mortgage guarantee using its production equipment/plants and other buildings/construction in progress/office facilities to secure the principal, interest, liquidated damages, and other costs (including legal fees, court expenses, and equity disposal costs) arising from the loan provided by Longyu Hongda. If Zesheng Environmental Protection fails to repay the loan principal and interest in time upon expiration of the loan period, Longyu Hongda shall have the right to require Zesheng Environmental Protection to repay the principal and interest within one month. If Zesheng Environmental Protection fails to repay the due principal and interest in time, Longyu Hongda shall have the right to dispose of the collateral and claim priority compensation for any unpaid principal or interest per the contract and applicable law.

On July 21, 2025, both parties executed a loan extension contract (Contract No. LYHD-JK-20250523) for the extended principal amount of RMB83,520,880.00, with the extended term running from May 23, 2025 to May 22, 2026. As of June 30, 2025, the secured loan contract of Zesheng Environmental Protection remains valid.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2025

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

### VI. NOTES TO MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. Earnings before interest, tax, depreciation and amortization

Item	Amount in the current period
Net profit	1,056,332,627.14
Income tax expenses	171,103,088.32
Depreciation of fixed assets accrued	329,997,405.26
Amortization of intangible assets accrued	52,819,666.60
Amortization of long-term deferred expenses accrued	2,827,563.33
Interest and investment income	154,598,553.02
Interest income of Finance Company	222,095,831.95
Interest expenses	70,434,251.46
Interest expenses of Finance Company	2,326,441.12
Earnings before interest, tax, depreciation and amortization	1,309,146,658.26

22. Dividends

The Board of Directors does not recommend the payment of an interim dividend for the six months ended June 30, 2025. The dividend per share in 2024 was RMB0.227.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2025  
(Unless otherwise stated, all amounts are denominated in CNY)

## VII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. Relationship of related parties

(1) Information on the parent company of the Company

Name of parent	Registration place	Business nature	Registered capital	Shareholding proportion held by parent company	Voting right proportion of the parent company
				in the Company (%)	in the Company (%)
Harbin Electric Corporation	Harbin	Manufacturing of power generation equipment	RMB2,000,000,000	69.79	69.79

The ultimate controlling party of the Company is SASAC.

(2) Information on subsidiaries of the Company

Details of subsidiaries are provided in Note II. Scope of Consolidated Financial Statements.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2025

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

### VII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### 1. Relationship of related parties (Continued)

##### (3) Other related parties

<b>Name of other related parties</b>	<b>Relationship with the Company</b>
Harbin Electric Power Equipment Company Limited	Subsidiary of the controlling shareholder HE
Harbin Electric Corporation Marine Intelligent Equipment Co., Ltd.	Subsidiary of the controlling shareholder HE
Jiamusi Electric Machine Company Limited	Subsidiary of the controlling shareholder HE
Harbin Haguo Industrial Development Co., Ltd.	Subsidiary of the controlling shareholder HE
Harbin Haqi Industrial Development Co., Ltd.	Subsidiary of the controlling shareholder HE
Harbin Sanlian Business Services Co., Ltd.	Subsidiary of the controlling shareholder HE

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2025  
(Unless otherwise stated, all amounts are denominated in CNY)

## VII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

### 1. Relationship of related parties (Continued)

#### (3) Other related parties (Continued)

<b>Name of other related parties</b>	<b>Relationship with the Company</b>
Harbin Electric Corporation International Trade Co., Ltd.	Subsidiary of the controlling shareholder HE
Jiamusi Electric Machinery Company Limited	Subsidiary of the controlling shareholder HE
Harbin Hago Pengbo Economic and Trade Co., Ltd.	Subsidiary of the controlling shareholder HE
Harbin Hadian Industrial Development Co., Ltd.	Subsidiary of the controlling shareholder HE
Jiamusi Explosion-proof Electric Machine Institute Co., Ltd.	Subsidiary of the controlling shareholder HE
Harbin Hadian Property Management Co., Ltd.	Subsidiary of the controlling shareholder HE
HE Harbin Enterprise Management Services Co., Ltd.	Subsidiary of the controlling shareholder HE
Harbin Electric Corporation Advanced Electric Machine Technology Co., Ltd.	Subsidiary of the controlling shareholder HE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*For the six months ended on 30 June 2025*

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

### VII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### 2. Related party transactions

Transactions between the Company and its related parties are conducted at agreed prices consistent with pricing terms for unrelated parties.

(1) *For subsidiaries with existing control relation which have been included in the consolidated financial statement scope of the Company, the transactions between them and between the parent company and subsidiaries have been offset.*

(2) *Continuing related party transactions and related party transactions*

On December 20, 2022, the Company entered into a Product and Service Framework Agreement with HE, effective from January 1, 2023 to December 31, 2025. Under this agreement, the Company and its subsidiaries will provide products and services to, as well as receive the same from, HE and its subsidiaries during the three fiscal years.

On December 20, 2022, the Company renewed the Financial Services Framework Agreement with HE, effective from December 31, 2022 to December 30, 2025.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*For the six months ended on 30 June 2025  
(Unless otherwise stated, all amounts are denominated in CNY)*

### VII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### 2. Related party transactions (Continued)

##### (2) *Continuing related party transactions and related party transactions (Continued)*

##### 1) Product and service transactions

Related party	Amount in the current period	Amount in the previous period
Selling goods	–	–
– HE	550,000.00	0.00
– HE's subsidiaries	2,572,306.45	1,285,501.20
Purchasing goods	–	–
– HE's subsidiaries	49,705,208.54	151,183,524.17
Service fee expenditure	–	–
– HE's subsidiaries	37,192,199.32	15,307,555.51



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2025

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

### VII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### 2. Related party transactions (Continued)

##### (2) Continuing related party transactions and related party transactions (Continued)

##### 2) Interest payable on deposit taking

Related party	Amount in the current period	Amount in the previous period
HE	1,802,691.08	5,221,547.95
HE's subsidiaries	245,458.57	619,170.69
Total	2,048,149.65	5,840,718.64

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*For the six months ended on 30 June 2025  
(Unless otherwise stated, all amounts are denominated in CNY)*

### VII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### 2. Related party transactions (Continued)

##### (2) Continuing related party transactions and related party transactions (Continued)

##### 3) Interest income from entrusted loans

Related party	Amount in the current period	Amount in the previous period
HE's subsidiaries	2,783,502.10	2,620,969.20

##### 4) Interest expenses on entrusted loans

Related party	Amount in the current period	Amount in the previous period
HE	42,993,928.54	42,051,270.12

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2025

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

### VII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### 2. Related party transactions (Continued)

##### (2) Continuing related party transactions and related party transactions (Continued)

##### 5) Entrusted management expenses

Related party	Content of related party transactions	Amount in the current period	Amount in the previous period
HE	Entrusted management expenses	1,640,000.00	1,640,000.00

##### 6) Remuneration of key executives

Item	Amount in the current period	Amount in the previous period
Remuneration of key executives	12,086,267.19	9,463,623.98

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2025  
(Unless otherwise stated, all amounts are denominated in CNY)

## VII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

### 2. Related party transactions (Continued)

#### (3) Balance of receivables and payables by related parties

##### 1) Receivables

Item	Related party	Ending balance		Beginning balance	
		Book value	Provision for bad debts	Book value	Provision for bad debts
Accounts receivable					
	Harbin Electric Power Equipment Company Limited	7,353,040.64	0.00	506,275.40	0.00
	Harbin Electric Corporation	13,450.00	0.00	40,350.00	0.00
	Marine Intelligent Equipment Co., Ltd.				
	Jiamusi Electric Machine Company Limited	80,732.00	0.00	57,292.00	0.00
	Harbin Hadian Industrial Development Co., Ltd.	0.00	0.00	69,000.00	0.00
	Harbin Haguo Industrial Development Co., Ltd.	0.00	0.00	54,900.00	0.00

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2025

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

### VII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### 2. Related party transactions (Continued)

##### (3) Balance of receivables and payables by related parties (Continued)

##### 1) Receivables (Continued)

Item	Related party	Ending balance		Beginning balance	
		Book value	Provision for bad debts	Book value	Provision for bad debts
	Harbin Sanlian Business Services Co., Ltd.	0.00	0.00	5,700.00	0.00
Subtotal	-	7,447,222.64	0.00	733,517.40	0.00
Advances to suppliers					
	Harbin Electric Power Equipment Company Limited	735,500.00	0.00	3,490,927.09	0.00
	Harbin Haguo Industrial Development Co., Ltd.	4,334,218.30	0.00	5,804,218.30	0.00
	Harbin Haqi Industrial Development Co., Ltd.	613,700.00	0.00	0.00	0.00

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2025  
(Unless otherwise stated, all amounts are denominated in CNY)

## VII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

### 2. Related party transactions (Continued)

#### (3) Balance of receivables and payables by related parties (Continued)

##### 1) Receivables (Continued)

Item	Related party	Ending balance		Beginning balance	
		Book value	Provision for bad debts	Book value	Provision for bad debts
	Harbin Sanlian Business Services Co., Ltd.	611,018.00	0.00	0.00	0.00
Subtotal	-	6,294,436.30	0.00	9,295,145.39	0.00
Other receivables					
	Harbin Electric Corporation Marine Intelligent Equipment Co., Ltd.	26,000,000.00	0.00	0.00	0.00
	Harbin Electric Corporation	1,640,000.00	0.00	0.00	0.00
	Harbin Huguang Industrial Development Co., Ltd.	1,068,642.69	0.00	3,511,503.05	0.00
Subtotal	-	28,708,642.69	0.00	3,511,503.05	0.00

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2025

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

### VII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### 2. Related party transactions (Continued)

##### (3) Balance of receivables and payables by related parties (Continued)

##### 1) Receivables (Continued)

Item	Related party	Ending balance		Beginning balance	
		Book value	Provision for bad debts	Book value	Provision for bad debts
Other current assets					
	Harbin Electric Power Equipment Company Limited	140,000,000.00	0.00	140,000,000.00	0.00
	Harbin Haguo Industrial Development Co., Ltd.	55,000,000.00	0.00	85,000,000.00	0.00
Subtotal	-	195,000,000.00	0.00	225,000,000.00	0.00

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2025  
(Unless otherwise stated, all amounts are denominated in CNY)

## VII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

### 2. Related party transactions (Continued)

#### (3) Balance of receivables and payables by related parties (Continued)

##### 1) Receivables (Continued)

Item	Related party	Ending balance		Beginning balance	
		Book value	Provision for bad debts	Book value	Provision for bad debts
Contract assets					
	Harbin Electric Power Equipment Company Limited	3,179,481.80	0.00	11,589,815.15	0.00
Interest receivable					
	Harbin Electric Power Equipment Company Limited	102,472.22	0.00	114,041.67	0.00
	Harbin Haguo Industrial Development Co., Ltd.	835,266.67	0.00	1,651,736.11	0.00
Subtotal	-	937,738.89	0.00	1,765,777.78	0.00
Total	-	238,388,040.52	0.00	240,305,943.62	0.00



# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2025

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

## VII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

### 2. Related party transactions (Continued)

#### (3) Balance of receivables and payables by related parties (Continued)

##### 2) Payables

Item	Related party	Ending book value	Beginning book value
Deposit taking	Harbin Electric Corporation	610,760,247.48	629,756,550.52
	Harbin Electric Corporation Marine Intelligent Equipment Co., Ltd.	91,718,834.83	125,677,632.72
	Jiamusi Explosion-proof Electric Machine Institute Co., Ltd.	21,416,310.30	22,685,851.16
	Harbin Electric Corporation International Trade Co., Ltd.	21,127,405.32	20,839,166.80
	Jiamusi Electric Machinery Company Limited	17,594,881.66	13,246,577.33
	Harbin Hadian Industrial Development Co., Ltd.	2,620,305.92	2,623,194.48

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2025  
(Unless otherwise stated, all amounts are denominated in CNY)

## VII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

### 2. Related party transactions (Continued)

#### (3) Balance of receivables and payables by related parties (Continued)

##### 2) Payables (Continued)

Item	Related party	Ending book value	Beginning book value
	Harbin Sanlian Business Services Co., Ltd.	2,506,361.38	955,848.14
	Harbin Haguo Industrial Development Co., Ltd.	1,759,359.98	4,086,351.39
	Harbin Haqi Industrial Development Co., Ltd.	732,182.95	11,907,831.39
	Harbin Haguo Pengbo Economic and Trade Co., Ltd.	136,847.51	100,971.75
	HE Harbin Enterprise Management Services Co., Ltd.	102,986.95	102,435.82
	Harbin Hadian Property Management Co., Ltd.	58,935.39	2,137,606.16
Subtotal	-	770,534,659.67	834,120,017.66

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2025

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

## VII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

### 2. Related party transactions (Continued)

#### (3) Balance of receivables and payables by related parties (Continued)

##### 2) Payables (Continued)

Item	Related party	Ending book value	Beginning book value
Short-term borrowings			
	Harbin Electric Corporation	3,371,630,407.38	3,255,788,308.88
Contract liabilities			
	Harbin Electric Power Equipment Company Limited	37,093,638.48	40,632,049.77
	Jiamusi Electric Machine Company Limited	179,185.80	0.00
	Harbin Electric Corporation Advanced Electric Machine Technology Co., Ltd.	75,471.70	0.00
Subtotal	-	3,408,978,703.36	3,296,420,358.65

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2025  
(Unless otherwise stated, all amounts are denominated in CNY)

## VII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

### 2. Related party transactions (Continued)

#### (3) Balance of receivables and payables by related parties (Continued)

##### 2) Payables (Continued)

Item	Related party	Ending book value	Beginning book value
Accounts payable	Harbin Electric Power Equipment Company Limited	231,817,061.39	330,851,829.63
	Harbin Hadian Property Management Co., Ltd.	5,128,328.62	219,838.67
	Harbin Hadian Industrial Development Co., Ltd.	3,115,034.67	676,177.18
	Harbin Sanlian Business Services Co., Ltd.	1,921,077.44	12,217,010.00
	Jiamusi Electric Machine Company Limited	296,180.00	302,379.22
	Harbin Haguo Industrial Development Co., Ltd.	182,929.80	2,142,754.56
	Harbin Electric Corporation Advanced Electric Machine Technology Co., Ltd.	75,000.00	0.00
	Harbin Electric Corporation Jiamusi Electric Machine Company Limited	0.00	4,550,000.00
Subtotal	-	242,535,611.92	350,959,989.26

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2025

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

### VII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### 2. Related party transactions (Continued)

##### (3) Balance of receivables and payables by related parties (Continued)

##### 2) Payables (Continued)

Item	Related party	Ending book value	Beginning book value
Other payables			
	Harbin Electric Corporation	6,995,504.60	6,995,504.60
	Harbin Haqi Industrial Development Co., Ltd.	289,042.68	0.00
	Harbin Hadian Property Management Co., Ltd.	283,442.26	0.00
	Harbin Electric Corporation Advanced Electric Machine Technology Co., Ltd.	20,000.00	0.00
	Harbin Hagua Pengbo Economic and Trade Co., Ltd.	2,400.00	0.00
Subtotal	-	7,590,389.54	6,995,504.60

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2025  
(Unless otherwise stated, all amounts are denominated in CNY)

## VII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

### 2. Related party transactions (Continued)

#### (3) Balance of receivables and payables by related parties (Continued)

##### 2) Payables (Continued)

Item	Related party	Ending book value	Beginning book value
Interest payable	Harbin Electric Corporation	7,834,088.60	6,832,992.65
	Harbin Electric Corporation Marine Intelligent Equipment Co., Ltd.	400,858.49	397,516.67
	Harbin Electric Corporation International Trade Co., Ltd.	2,848.77	5,463.42
	Jiamusi Electric Machinery Company Limited	2,363.05	3,442.89
	Jiamusi Explosion-proof Electric Machine Institute Co., Ltd.	535.41	2,196.35
	Harbin Hadian Industrial Development Co., Ltd.	224.43	312.16

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2025

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

## VII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

### 2. Related party transactions (Continued)

(3) *Balance of receivables and payables by related parties (Continued)*

#### 2) Payables (Continued)

Item	Related party	Ending book value	Beginning book value
	Harbin Sanlian Business Services Co., Ltd.	162.42	137.32
	Harbin Hugu Industrial Development Co., Ltd.	103.73	543.32
	Harbin Haqi Industrial Development Co., Ltd.	14.22	0.00
	Harbin Hadian Property Management Co., Ltd.	6.82	539.97
	HE Harbin Enterprise Management Services Co., Ltd.	2.57	9.86
	Harbin Hugu Pengbo Economic and Trade Co., Ltd.	1.09	8.10
Subtotal	-	8,241,209.60	7,243,162.71

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*For the six months ended on 30 June 2025  
(Unless otherwise stated, all amounts are denominated in CNY)*

### VII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### 2. Related party transactions (Continued)

##### (3) *Balance of receivables and payables by related parties (Continued)*

##### 2) Payables (Continued)

Item	Related party	Ending book value	Beginning book value
Dividends payable			
	Harbin Electric Corporation	354,280,035.00	0.00
Long-term payables			
	Harbin Electric Corporation	3,500,000.00	0.00
Total	-	4,795,660,609.09	4,495,739,032.88



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*For the six months ended on 30 June 2025*

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

### VIII. CONTINGENCIES

#### 1. Contingent liabilities

As of June 30, 2025, the Company has no contingent liabilities that need to be disclosed.

#### 2. Contingent assets

As of June 30, 2025, the Company has no contingent assets that need to be disclosed.

### IX. EVENTS AFTER THE BALANCE SHEET DATE

As of the date of approval of the financial report, the Company has no events after the balance sheet date that shall not be disclosed.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*For the six months ended on 30 June 2025  
(Unless otherwise stated, all amounts are denominated in CNY)*

### X. SUPPLEMENTARY INFORMATION OF FINANCIAL STATEMENTS

#### 1. Breakdown of current non-recurring profits and losses

Item	Amount in the current period	Description
Profits and losses from the disposal of non-current assets, including the write-off portion of recognized asset impairment provision	63,368,772.18	–
Government subsidies included in the current profits and losses (excluding those which are closely related to the Company's normal business operations, in line with national policies and regulations, and granted in accordance with defined criteria, and have a continuous influence on the Company's profits and losses)	107,772,993.92	–

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2025

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

### X. SUPPLEMENTARY INFORMATION OF FINANCIAL STATEMENTS (CONTINUED)

1. Breakdown of current non-recurring profits and losses  
(Continued)

Item	Amount in the current period	Description
Profit or loss from changes in the fair value of financial assets and financial liabilities held by the Company as a non-financial company, as well as profit or loss from the disposal of the financial assets and financial liabilities, except in effective hedging activities related to the normal operating activities of the Company.	0.00	—
Payment for the use of state funds included in the current profit or loss and collected from non-financial business	0.00	—
Profit or loss on the assets by entrusting others to invest or manage	0.00	—
Profit or loss acquired from externally entrusted loans	742,842.30	—

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*For the six months ended on 30 June 2025  
(Unless otherwise stated, all amounts are denominated in CNY)*

### X. SUPPLEMENTARY INFORMATION OF FINANCIAL STATEMENTS (CONTINUED)

1. Breakdown of current non-recurring profits and losses  
(Continued)

Item	Amount in the current period	Description
Asset losses caused by force majeure factors, such as natural disasters	0.00	—
Reversed impairment provision in value of receivables under independent impairment test	21,222,958.50	—
Income arising from the fair value of net identifiable assets of the investee the enterprise should enjoy when the cost of investment it acquired from the subsidiaries, associates and joint ventures was less than the investment it obtained	0.00	—
Net profits or losses of subsidiaries from the beginning of the period to the combination date arising from business combination under common control	0.00	—
Non-monetary assets exchange profit or loss	0.00	—

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2025

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

### X. SUPPLEMENTARY INFORMATION OF FINANCIAL STATEMENTS (CONTINUED)

- Breakdown of current non-recurring profits and losses  
(Continued)

Item	Amount in the current period	Description
Debt restructuring profit or loss	17,339,442.89	—
One-off expenses incurred by the enterprise due to the discontinuation of relevant operating activities, such as expenditures for employee placement	0.00	—
One-off influence on the current profits and losses due to adjustment of taxation and accounting laws and regulations	0.00	—
One-off share-based payment expense recognized due to cancellation or modification of stock ownership incentive	0.00	—
For cash-settled share-based payment, profit or loss arising from changes in the fair value of employee salary payable after the vesting date	0.00	—

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2025  
(Unless otherwise stated, all amounts are denominated in CNY)

## X. SUPPLEMENTARY INFORMATION OF FINANCIAL STATEMENTS (CONTINUED)

1. Breakdown of current non-recurring profits and losses  
(Continued)

Item	Amount in the current period	Description
Profit or loss arising from changes in the fair value of investment properties by using the fair value model for subsequent measurement	0.00	—
Income from the transaction with the bargain price losing fairness	0.00	—
Profit or loss arising from contingencies irrelevant to the Company's normal business operation	0.00	—
Trustee fee income achieved from the entrusted management	0.00	—
Other non-operating income and expenses other than the above	4,655,868.37	—
Other losses or profits conforming to the definition of non-recurring gain or loss	-5,830,192.40	—
Subtotal	209,272,685.76	—

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended on 30 June 2025

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

### X. SUPPLEMENTARY INFORMATION OF FINANCIAL STATEMENTS (CONTINUED)

1. Breakdown of current non-recurring profits and losses  
(Continued)

Item	Amount in the current period	Description
Less: Effect of income tax	31,622,737.51	—
Less: Effect on non-controlling interests (after-tax)	320,220.80	—
Net non-recurring profit and loss attributable to the parent company	177,329,727.45	—
Net profit attributable to the parent company	1,050,891,055.16	—
Total net profit attributable to the parent company after deducting non-recurring profits and losses	873,561,327.71	—

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*For the six months ended on 30 June 2025  
(Unless otherwise stated, all amounts are denominated in CNY)*

### X. SUPPLEMENTARY INFORMATION OF FINANCIAL STATEMENTS (CONTINUED)

#### 2. Earnings per share

Item	Amount in the current period	Amount in the previous period
Net profit attributable to common shareholders of the parent company	1,050,891,055.16	522,667,422.32
Weighted-average number of ordinary shares issued during the period	2,236,276,000.00	2,236,276,000.00
Earnings per share	0.47	0.23
Diluted earnings per share	0.47	0.23

**Harbin Electric Company Limited**

August 28, 2025



## 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  
(Resigned from 9 July 2025)  
Mr. Huang Wei  
(Appointed from 9 July 2025)

### AUTHORISED REPRESENTATIVES

Mr. Huang Wei  
Mr. Ai Li-song

### COMPANY SECRETARY

Mr. Ai Li-song

### JOINT COMPANY SECRETARY

Mr. Tung Tat Chiu, Michael

### AUDITORS

ShineWing  
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

### SHARE REGISTER AND TRANSFER OFFICE

Computershare Hong Kong Investor  
Services Limited