



哈尔滨电气股份有限公司

HARBIN ELECTRIC COMPANY LIMITED

(Stock Code: 1133)

2023

INTERIM REPORT

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I 2023, China's total foreign direct investment (FDI) inflows reached 140 billion USD, a 2.1% increase over the same period last year. In the first half of 2023, FDI inflows were 71.86 billion USD, up 1.2% from 71.06 billion USD in the same period last year. The total FDI inflows in the first half of 2023 were 109 billion USD, an increase of 5.36 billion USD (5.3%) over the same period last year. In the first half of 2023, the total FDI inflows were 22.99 billion USD, a 78.42% increase over the same period last year. The total FDI inflows were 1.76 billion USD, a 77% increase over the same period last year. China's A-share market in June 2023, the total FDI inflows were 2.71 billion USD, a 370% increase over the same period last year. In the first half of 2023, the total FDI inflows were 48.79 billion USD, a 56.76% increase over the same period last year. In the first half of 2023, the total FDI inflows were 390 million USD, a 470% increase over the same period last year. In the first half of 2023, the total FDI inflows were 1.14 billion USD, a 120% increase over the same period last year. In the first half of 2023, the total FDI inflows were 1.39 billion USD, an 18.6% increase over the same period last year. In the first half of 2023, the total FDI inflows were 3.4 billion USD, a 51.5% increase over the same period last year.

In the first half of 2023, the Company continued to implement the strategy of "high-quality development" and "dual circulation", focusing on the development of the main business, and actively expanding the market. The Company's operating performance is stable, and the business is developing steadily. The Company's operating results are as follows:

OPERATING RESULTS

For the period from January 1 to June 30, 2023, the Company's operating results are as follows:

Item	Amount (RMB)	Change (%)
Operating Income	RMB13,570.86 million	15.58%
Operating Profit	RMB84.89 million	63.78%
Net Profit	RMB0.05 million	RMB0.02 million
Operating Profit Margin	RMB11,525.21 million	
Operating Profit Margin	RMB202.74 million	
Operating Profit Margin	RMB6.75 million	RMB0.12 million

The Company's operating results are stable, and the business is developing steadily. The Company's operating results are as follows:

NEW CONTRACTS

For the period from January 1 to 30 June 2023, the Company has secured new contracts worth RMB32,585 million, an increase of 109.45% compared with the same period in 2022. The new contracts are categorized as follows: EPC contracts worth RMB18,928 million, an increase of 187.79% (2022: RMB11,631 million); construction contracts worth RMB3,820 million, an increase of 78.67% (2022: RMB2,548 million); and other contracts worth RMB1,830.30 million, a decrease of 80.33% (2022: RMB1,318 million). The Company has also secured new contracts worth RMB3,530 million, an increase of 56.72% (2022: RMB2,250 million), which are categorized as follows: EPC contracts worth RMB5,794 million, an increase of 118.64% (2022: RMB2,650 million); construction contracts worth RMB3,016 million, an increase of 27.85% (2022: RMB2,358 million); and other contracts worth RMB7,361 million, a decrease of 156.84% (2022: RMB4,697 million).

PRODUCT OUTPUT

The Company's product output for the period from January 1 to 30 June 2023 is as follows: 12,830 M of construction services, an increase of 49.9% (2022: 8,556 M); 2,300 M of EPC services, an increase of 48.9% (2022: 1,548 M); 10,530 M of other services, an increase of 50.1% (2022: 7,010 M); 7,350 M of construction services, an increase of 31.4% (2022: 5,594 M); and 6,850 M of EPC services, an increase of 23.2% (2022: 5,560 M).

OPERATING REVENUE AND COST

For the period ended 30 June 2023, the Company's operating revenue was RMB13,570.86 million, an increase of 15.58% over the same period in 2022. The operating cost was RMB6,702.03 million, an increase of 24.31% (RMB4,057.59 million) over the same period in 2022. The gross profit was RMB1,175.41 million, an increase of 25.43% over the same period in 2022. The operating profit was RMB1,277.40 million, an increase of 26.40% over the same period in 2022. The operating profit margin was 236.63% (2022: 176.12%). The operating profit margin was 27.10%; (2022: 23.12%). The operating profit margin was 13.12%; (2022: 9.75%). The operating profit margin was 14.19%.

The Company's operating revenue was RMB2,451.16 million, an increase of 18.06% over the same period in 2022. The operating cost was RMB1,504.03 million, an increase of 15.08% over the same period in 2022. The gross profit was RMB947.13 million, an increase of 83.53% over the same period in 2022.

The Company's operating revenue was RMB12,116.65 million, an increase of 21.66% over the same period in 2022. The operating cost was RMB5,857.59 million, an increase of 24.31% over the same period in 2022. The gross profit was RMB1,175.41 million, an increase of 25.43% over the same period in 2022. The operating profit was RMB1,277.40 million, an increase of 26.40% over the same period in 2022. The operating profit margin was 236.63% (2022: 176.12%). The operating profit margin was 27.10%; (2022: 23.12%). The operating profit margin was 13.12%; (2022: 9.75%). The operating profit margin was 14.19%.

GROSS PROFIT AND GROSS PROFIT MARGIN

For the period ended 30 June 2023, the Company's gross profit and gross profit margin are as follows:	Contract revenue	Gross profit	Gross profit margin
Contract revenue	RMB1,454.21 million	RMB218.38 million	18.38%
Contract revenue	RMB1,454.21 million	RMB153.66 million	10.72%
Contract revenue	RMB4.46 million	RMB0.06 million	1.35%
Contract revenue	RMB512.30 million	RMB39.12 million	7.64%
Contract revenue	RMB9.82 million	RMB1.27 million	12.09%
Contract revenue	RMB104.06 million	RMB8.85 million	8.85%
Contract revenue	RMB104.06 million	RMB14.23 million	14.23%
Contract revenue	RMB39.98 million	RMB-45.17 million	-3.54%
Contract revenue	RMB39.98 million	RMB39.98 million	100.00%
Contract revenue	RMB69.56 million	RMB9.74 million	14.10%
Contract revenue	RMB62.39 million	RMB2.14 million	3.44%
Contract revenue	RMB4.45 million	RMB0.16 million	3.59%
Contract revenue	RMB122.02 million	RMB5.00 million	4.16%
Contract revenue	RMB2.86 million	RMB0.16 million	5.60%
Contract revenue	RMB681.90 million	RMB253.50 million	45.34%
Contract revenue	RMB2.36 million	RMB0.00 million	0.00%

The Company's gross profit and gross profit margin are as follows:

Contract revenue	Gross profit	Gross profit margin
RMB1,454.21 million	RMB218.38 million	18.38%
RMB1,454.21 million	RMB153.66 million	10.72%
RMB4.46 million	RMB0.06 million	1.35%
RMB512.30 million	RMB39.12 million	7.64%
RMB9.82 million	RMB1.27 million	12.09%
RMB104.06 million	RMB8.85 million	8.85%
RMB104.06 million	RMB14.23 million	14.23%
RMB39.98 million	RMB-45.17 million	-3.54%
RMB39.98 million	RMB39.98 million	100.00%
RMB69.56 million	RMB9.74 million	14.10%
RMB62.39 million	RMB2.14 million	3.44%
RMB4.45 million	RMB0.16 million	3.59%
RMB122.02 million	RMB5.00 million	4.16%
RMB2.86 million	RMB0.16 million	5.60%
RMB681.90 million	RMB253.50 million	45.34%
RMB2.36 million	RMB0.00 million	0.00%

EXPENSES FOR THE PERIOD

For the period ended 30 June 2023, the Company incurred expenses for the period of RMB1,337.27 million, of which RMB267.46 million were incurred in the period from January to March 2023, RMB627.75 million were incurred in the period from April to June 2023, and RMB350.76 million were incurred in the period from July to September 2022. The Company incurred expenses for R&D of RMB62.06 million in the period from January to March 2023, RMB91.30 million in the period from April to June 2023, and RMB13.37 million in the period from July to September 2022.

The Company incurred expenses for the period of RMB1,337.27 million for the period from January to March 2023, RMB1,337.27 million for the period from April to June 2023, and RMB1,337.27 million for the period from July to September 2022. The Company incurred expenses for the period of RMB1,337.27 million for the period from January to March 2023, RMB1,337.27 million for the period from April to June 2023, and RMB1,337.27 million for the period from July to September 2022.

ASSETS AND LIABILITIES

As at 30 June 2023, the Company's total assets were RMB69,331.38 million, of which RMB6,047.85 million accounted for 8.73%, and RMB58,613.12 million accounted for 84.54%. The Company's total liabilities were RMB10,718.26 million, of which RMB1,146.63 million accounted for 10.70%, and RMB9,571.63 million accounted for 88.30%. The Company's total equity was RMB57,096.63 million, of which RMB6,186.96 million accounted for 10.84%, and RMB50,909.67 million accounted for 89.16%. The Company's total assets were RMB52,940.99 million, of which RMB4,155.64 million accounted for 7.85%, and RMB48,785.35 million accounted for 92.15%. The Company's total liabilities were RMB52,940.99 million, of which RMB4,155.64 million accounted for 7.85%, and RMB48,785.35 million accounted for 92.15%. The Company's total equity was RMB52,940.99 million, of which RMB4,155.64 million accounted for 7.85%, and RMB48,785.35 million accounted for 92.15%.

CAPITAL AND GEARING RATIO

As at 30 June 2023, the Group's capital structure (including cash and cash equivalents) is 0.36:1 (2022: 0.43:1). The Group's capital structure is as follows:

MONETARY CAPITAL AND CASH FLOWS

As at 30 June 2023, the Group's monetary capital and cash flows are RMB18,394.61 million, of which RMB1,093.82 million is restricted, representing 6.32% of the total. The Group's monetary capital and cash flows are broken down as follows:

Monetary capital	RMB1,322.17 million
Cash and cash equivalents	RMB-318.89 million
Restricted monetary capital and cash flows	RMB-38.85 million

FUNDING SOURCE AND BORROWING STATUS

The Group's capital structure is primarily composed of equity and debt. The Group's capital structure is as follows:

Equity	RMB7,573.34 million
Debt	RMB5,835.93 million
Other	RMB621.01 million
Total	RMB13,030.28 million

The Group's debt is primarily composed of bank loans and bonds. The Group's debt is broken down as follows:

Bank loans	RMB1,737.41 million
Bonds	RMB654.49 million
Other	RMB21,551.46 million
Total	RMB4,123.02 million

The Group's capital structure is primarily composed of equity and debt. The Group's capital structure is as follows:

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

For the period from January 1, 2023, to June 30, 2023, the Company has not held any major investments, nor has it made any major acquisition or disposal of subsidiaries. The Company's major investments are mainly related to the purchase of land use rights, the purchase of buildings, the purchase of intangible assets, the purchase of equipment, the purchase of financial assets, the purchase of equity investments, the purchase of long-term equity investments, the purchase of R&D, and the purchase of other capital assets. The Company's major investments are mainly related to the purchase of land use rights, the purchase of buildings, the purchase of intangible assets, the purchase of equipment, the purchase of financial assets, the purchase of equity investments, the purchase of long-term equity investments, the purchase of R&D, and the purchase of other capital assets.

The Company's major investments are mainly related to the purchase of land use rights, the purchase of buildings, the purchase of intangible assets, the purchase of equipment, the purchase of financial assets, the purchase of equity investments, the purchase of long-term equity investments, the purchase of R&D, and the purchase of other capital assets. The Company's major investments are mainly related to the purchase of land use rights, the purchase of buildings, the purchase of intangible assets, the purchase of equipment, the purchase of financial assets, the purchase of equity investments, the purchase of long-term equity investments, the purchase of R&D, and the purchase of other capital assets.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Company's major investments are mainly related to the purchase of land use rights, the purchase of buildings, the purchase of intangible assets, the purchase of equipment, the purchase of financial assets, the purchase of equity investments, the purchase of long-term equity investments, the purchase of R&D, and the purchase of other capital assets. The Company's major investments are mainly related to the purchase of land use rights, the purchase of buildings, the purchase of intangible assets, the purchase of equipment, the purchase of financial assets, the purchase of equity investments, the purchase of long-term equity investments, the purchase of R&D, and the purchase of other capital assets.

APPLICATION OF RAISED FUNDS

As at 30 June 2023, the Group has raised RMB96 million from the issue of the 2017 (the "Funds") from the placement of the Shares. The Funds are intended to be used for the Group's business operations, including the Group's expansion into the Dalian area. The Group has committed to use the Funds for the following purposes:

The planned use of the Funds	Planned use amount of the Funds (RMB'00 m)	The used amount of the Funds (RMB'00 m)	The balance of the Funds (RMB'00 m)	Planned use time
General working capital	1.8	1.8	0	
Network expansion	4.86	3.9	0.96	31 December 2023
Personnel recruitment	3	3	0	
Personnel training	1.47	1.47	0	
Information system	1.54	1.54	0	
	12.67	11.71	0.96	

SCIENTIFIC AND TECHNOLOGICAL INNOVATION

In 2023, China's scientific and technological innovation has achieved significant progress. The R&D expenditure of enterprises has increased by 4%, and the number of patents granted has reached 4 million. The government has also increased its support for scientific and technological innovation, with a total of 16 billion yuan allocated to various projects. The government has also established several innovation alliances, including the Heilongjiang Carbon Neutrality and Industrial Technology Innovation Alliance (黑龍江碳中和產業技術創新聯盟), the Digital Grid Technology Equipment Modern Industrial Chain Innovation Alliance (數字電網技術裝備現代產業鏈創新聯盟), and the Hainan Free Trade Port Modern Industry Innovation Alliance (海南自由貿易港現代產業創新聯盟). These alliances aim to promote the development of key industries and enhance the competitiveness of Chinese enterprises in the global market.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARE CAPITAL

As at 30 June 2023, the following table shows the substantial shareholders' interests in the Company's ordinary shares of HK\$1.00 each, which are the only class of shares in issue. The Company has 1,706,523,000 ordinary shares in issue and 1,030,952,000 HK\$1.00 ordinary shares in issue, of which 675,571,000 are held by the H share holders. The Company has no shares held by substantial shareholders who own 5% or more of the Company's issued ordinary shares. The Company has 336 ordinary shares held by the Financial Officer (the FO), of which 336 are held by the FO.

The following table shows the substantial shareholders' interests in the Company:

Name of shareholders	Class of shares	Number of shares	Capacity	Percentage to underlying share capital	Percentage to total share capital
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As at 30 June 2023, the Company has 336 ordinary shares held by the FO. The Company has 336 ordinary shares held by the FO, of which 336 are held by the FO.

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

As at 30 June 2023, the following table shows the interests in the Company's ordinary shares of HK\$1.00 each, which are the only class of shares in issue, of the Directors, Supervisors and Senior Management. The Company has 1,706,523,000 ordinary shares in issue and 1,030,952,000 HK\$1.00 ordinary shares in issue, of which 675,571,000 are held by the H share holders. The Company has no shares held by Directors, Supervisors and Senior Management who own 5% or more of the Company's issued ordinary shares. The Company has 336 ordinary shares held by the Financial Officer (the FO), of which 336 are held by the FO.

COMPLIANCE WITH THE MODEL CODE

As at 30 June 2023, the Company and its Subsidiaries have complied with the Model Code. The Directors, the Executive Directors, the Senior Management and the Company have not been found to be in breach of the Model Code. The Company has not been found to be in breach of the Model Code. The Company has not been found to be in breach of the Model Code.

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

As at 30 June 2023, the Company and its Subsidiaries have not purchased, sold or redeemed any of the Company's listed securities.

CONTINGENT LIABILITIES

As at 30 June 2023, the Company and its Subsidiaries have no contingent liabilities. The Company and its Subsidiaries have no contingent liabilities. The Company and its Subsidiaries have no contingent liabilities.

PLEDGE OF ASSETS

As at 30 June 2023, the Company and its Subsidiaries have no assets pledged. The Company and its Subsidiaries have no assets pledged. The Company and its Subsidiaries have no assets pledged.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

For the financial year ended 30 June 2023, the Company has complied with the provisions of the Corporate Governance Code set out in Appendix 14 of the Listing Rules, and the provisions of the Code for Companies listed on the Main Board of the Exchange. Mr. Chan, Chairman of the Board, has confirmed that the Company has complied with the Corporate Governance Code, and Mr. Ho, Director, has confirmed that the Company has complied with the Corporate Governance Code.

THE AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the financial statements for the year ended 30 June 2023.

AUDITORS

Deloitte Touche Pricewaterhouse LLP, the Company's auditor, has audited the financial statements for the year ended 30 June 2023. The audit firm is a member of the Chartered Accountants in Hong Kong.

REVIEW REPORT

D.H.H. 2023 0014372

To the Shareholders of Harbin Electric Company Limited :

We have reviewed the financial statements of Harbin Electric Company Limited (HEC), for the period from January 30, 2023, to January 30, 2023, and from January 1, 2023, to January 30, 2023, and the related financial statements of HEC. Our review was conducted in accordance with the standards of the Chinese Certified Public Accountants (CPA) and the standards of the International Federation of Accountants (IFAC). The financial statements of HEC are prepared in accordance with the accounting standards of the People's Republic of China (PRC).

China Certified Public Accountant (CPA) Wang lifie (Project partner) and China Certified Public Accountant (CPA) Fan xiaogang (Project partner) have performed the review. The review was conducted in accordance with the standards of the Chinese Certified Public Accountants (CPA) and the standards of the International Federation of Accountants (IFAC). The financial statements of HEC are prepared in accordance with the accounting standards of the People's Republic of China (PRC).

Based on our review, we have concluded that the financial statements of HEC for the period from January 30, 2023, to January 30, 2023, and from January 1, 2023, to January 30, 2023, are presented fairly in all material aspects in accordance with the accounting standards of the PRC.

Da Hua Certified Public Accountants (Special General Partnership)

China Certified Public Accountant : Wang lifie(Project partner)

China Certified Public Accountant : Fan xiaogang

Beijing, China

25 April 2023

CONSOLIDATION BALANCE SHEET

截至 2023 年 6 月 30 日

(以人民币列示)

Items	Unit	June 30, 2023	Dec 31, 2022
Current assets :			
Monetary funds		18,394,608,749.44	17,300,785,271.18
Accounts receivable			
Prepaid expenses		1,586,755.20	202,376,414.36
Financial assets			
Derivatives			
Non-current receivables		1,929,871,111.52	1,542,259,070.99
Available-for-sale financial assets	(I)	8,545,146,921.93	7,445,375,580.96
Receivables from related parties		31,313,924.59	2,145,369.50
Prepaid insurance	(II)	6,017,797,363.77	4,893,228,667.72
Prepaid interest			
Receivables from equity investments			
Receivables from debt investments			
Other receivables	(III)	1,332,550,590.79	2,319,174,604.73
Inventory			
Biological assets			
Investments in subsidiaries		1,570,000,000.00	1,170,000,000.00
Investments in associates		11,379,965,214.32	9,404,890,448.68
Investments in structured entities		3,552,805,558.54	2,696,392,291.07
Mineral rights			
Intangible assets (excluding goodwill)		276,980,547.22	261,843,643.64
Goodwill		8,523,244,656.07	8,309,814,549.85
Deferred tax assets			
Contract assets		300,938,963.16	294,952,361.15
Other current assets	(I)	586,096,648.85	639,006,924.66
Total current assets		58,613,120,899.64	53,524,009,263.78

CONSOLIDATION BALANCE SHEET (CONTINUED)

Financial statements as at 30 June 2023
(Amount in million RMB)

Items	N/A	June 30, 2023	D 31, 2022
Non-current assets :			
Land use rights		194,647,200.00	
Accounts receivable			
Other receivables			
Long-term equity investments		504,276,573.36	398,961,054.90
Long-term debt investments		430,263,094.37	377,317,390.52
Other long-term investments		724,043,945.01	845,123,706.24
Intangible assets	()	168,653,549.99	172,730,282.18
Financial assets	()	5,806,743,235.58	5,984,855,681.05
Other non-current assets		16,073,738,668.00	16,029,713,555.55
Assets held for sale		10,219,703,176.94	9,994,028,936.15
Financial assets at fair value through profit or loss		47,414,895.49	51,042,555.23
Contract assets		309,743,297.55	209,898,568.77
Other non-current assets		2,916,142.96	
Intangible assets	()	984,663,543.59	889,960,351.63
Derivative financial assets		103,105,302.87	100,344,344.80
Goodwill		34,516,403.61	23,919,751.92
Long-term prepayments		2,936,721.09	2,274,060.63
Derivative financial liabilities		752,398,498.67	723,805,905.84
Other non-current liabilities		699,350,439.54	30,330,169.80
Intangible liabilities			
Total non-current assets		10,718,257,367.70	9,759,521,268.28
Total assets		69,331,378,267.34	63,283,530,532.06

CONSOLIDATION BALANCE SHEET (CONTINUED)

	F r o m	m o n e t a r y	30 J u n e 2023
Items	(A s s e t s)	(L i a b i l i t i e s)	m o n e t a r y R M B
	N o t	June 30, 2023	D e c e m b e r 31, 2022
Financial assets			
Receivables			
Contract assets			
Other financial assets	(III)	940,927,480.32	402,060,308.88
Other non-current assets		21,273,635.74	35,452,401.56
Total current liabilities		52,940,992,433.90	45,858,836,479.05
Non-current liabilities :		--	--
Reservable liabilities			
Long-term borrowings		1,737,409,537.24	2,391,903,973.83
Bank borrowings			
Long-term payables		2,946,437.71	88,421,052.65
Long-term deferred income		71,803,222.19	22,101,896.71
Long-term other payables			
Other non-current liabilities		340,805,730.03	345,492,088.56
Provisions		1,558,534,484.88	1,949,943,875.77
Derivative financial instruments		232,223,541.04	236,321,218.22
Derivative financial instruments		17,178,884.10	10,224,586.23
Other non-current liabilities		194,737,242.55	6,423,408.10
Liabilities arising from consolidated financial statements			
Total non-current liabilities		4,155,639,079.74	5,050,832,100.07

CONSOLIDATION BALANCE SHEET (CONTINUED)

截至2023年6月30日

(人民币千元)

Items	June 30, 2023	December 31, 2022
Total liabilities	57,096,631,513.64	50,909,668,579.12
Equity :	--	--
Paid-up capital	1,706,523,000.00	1,706,523,000.00
Other equity	1,030,952,000.00	1,030,952,000.00
Capital reserve	675,571,000.00	675,571,000.00
Minority interest	1,706,523,000.00	1,706,523,000.00
Other comprehensive income	4,338,736,992.12	4,338,736,992.12
Intangible assets	-245,666,599.31	49,765,047.57
Goodwill	-5,873,257.48	-2,714,672.67
Deferred tax assets	53,281,654.36	45,479,801.06
Other non-current assets	888,849,702.10	888,849,702.10
Intangible assets	888,849,702.10	888,849,702.10
Other non-current assets		
#R		
#C		
#R		
G		
R	4,783,485,263.76	4,698,595,292.71

CONSOLIDATION BALANCE SHEET (CONTINUED)

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

Continued on page 27

CONSOLIDATION INCOME STATEMENTS

For the period ending 30 June 2023

(All figures are in thousands of RMB)

Items	Unit	January to June in 2023	June 2022
1. Revenue		13,763,822,101.53	11,872,287,698.97
Operating revenue		13,570,864,838.58	11,741,498,025.57
Operating revenue from main business		192,957,262.95	130,789,673.40
Operating revenue from other business			
Operating revenue from financial assets			
Operating revenue from other			
Other income			
2. Total cost		13,535,960,537.64	11,137,510,943.50
Operating cost		12,116,654,139.57	9,959,710,022.62
Operating cost from main business		3,204,427.14	4,286,691.94
Operating cost from other business			
Operating cost from financial assets		46,177.91	34,250.11
Operating cost from other			
Cost of financial assets			
Cost of other business			
Depreciation and amortization			
Impairment loss			
Provision for doubtful accounts			
Provision for bad debts			
Provision for inventory obsolescence			
Provision for fixed asset obsolescence			
Provision for intangible asset obsolescence			
Provision for long-term equity investment impairment			
Provision for other			
Provision for other		78,784,600.20	70,756,708.15
Provision for other		267,460,253.16	237,704,179.43
Provision for other		627,753,050.19	498,397,855.04
Provision for other		350,755,734.82	288,693,577.35

CONSOLIDATION INCOME STATEMENTS (CONTINUED)

Items	For the period ending 30 June 2023	
	(Amount in million RMB)	(Amount in million RMB)
	January to June in 2023	June 2022
Revenue	91,302,154.65	77,927,658.86
Less: Cost of sales	120,303,704.46	109,876,299.14
Net revenue	8,095,881.87	7,314,239.59
Less: Net revenue of discontinued operations	-48,440,643.75	-35,074,876.53
Adjusted net revenue	60,068,677.92	29,915,359.46
Less: Net revenue of discontinued operations	9,404,350.59	12,185,623.66
Adjusted net revenue	4,012,231.44	3,381,116.96
Less: Net revenue of discontinued operations		
Gain on disposal of subsidiaries	7,305.15	16,293.31
Net revenue of discontinued operations		
Gain on disposal of subsidiaries		
Cost of disposal of subsidiaries	(29,824,106.66)	(521,747,927.36)
Impairment loss on disposal of subsidiaries	(222,034,440.89)	(152,216,384.39)
Provision for impairment loss on disposal of subsidiaries	215,411.63	301,592.65

CONSOLIDATION INCOME STATEMENTS (CONTINUED)

For the period ended 30 June 2023
(Amount in million RMB)

Items	N/A	January to June in 2023	June 2022
3. Net income from operations		-134,357,761.23	13,345,453.65
4. Financial income			
5. Other income			
(2) Other comprehensive income		-161,073,885.65	3,902,929.65
1. Net income from operations			
2. Net income from operations			
3. Gain from disposal of subsidiaries			
4. Income from disposal of subsidiaries			
5. Gain from disposal of subsidiaries			
6. Other comprehensive income			
7. Change in fair value of financial assets		-157,915,300.84	130,139.84
8. Change in fair value of financial liabilities		-3,158,584.81	3,772,789.81
9. Other comprehensive income			

CONSOLIDATION INCOME STATEMENTS (CONTINUED)

For the period ended 30 June 2023

(Amount in million RMB)

Items	Unit	January to June in 2023	June 2022
*Other comprehensive income			
7. Total comprehensive income		-191,031,239.80	78,845,945.78
Other comprehensive income		-210,541,675.83	69,083,686.72
* Other comprehensive income		19,510,436.03	9,762,259.06
8. Earnings per share:			
Basic earnings per share (元//股)		0.050	0.030
Diluted earnings per share		0.050	0.030

Continued on page 33: China A shares and A shares

CONSOLIDATION CASH FLOW STATEMENT

From January 1 to June 30, 2023
(Amount in million RMB)

Items	N	January to June in 2023	June 2022
1. Cash flows from operating activities:		-	
Cash received from sales of goods and services		17,460,424,872.49	11,698,804,483.53
Net cash received from disposal of subsidiaries		-	
Net cash received from disposal of long-term investments		-226,470,289.46	20,804,715.81
Net cash received from disposal of financial assets		-	20,410,263.58
Net cash received from disposal of other financial assets		-	
Cash received from interest and dividends		-	
Net cash received from disposal of other financial assets		-	
Net cash received from disposal of other financial assets		-	
Net cash received from disposal of other financial assets		-	
Cash received from interest and dividends		143,464,367.52	130,789,673.40
Net cash received from disposal of other financial assets		-	200,000,000.00
Net cash received from disposal of other financial assets		-400,000,000.00	1,184,000,000.00
Net cash received from disposal of other financial assets		-	
Net cash received from disposal of other financial assets		63,556,039.23	412,026,020.90
Other cash received from disposal of other financial assets		605,554,205.26	682,647,411.56
Total cash inflows from operating activities		17,646,529,195.04	14,349,482,568.78

CONSOLIDATION CASH FLOW STATEMENT (CONTINUED)

For the period ended 30 June 2023

(All figures are in thousands of RMB)

Items	Unit	January to June in 2023	June 2022
Continued operating activities		13,338,955,050.96	10,883,485,237.11
Net cash flows from operating activities		-377,781,081.22	171,755,513.33
Investing activities		66,385,578.28	1,354,626.71
Continued investing activities			
Net cash flows from investing activities		-	-260,000,000.00
Financing activities		2,281,487.46	1,168,021.61
Continued financing activities		-	
Net cash flows from financing activities		1,302,683,475.43	1,211,065,636.61
Operating activities		780,663,854.53	607,107,750.25
Investing activities		1,211,166,192.14	908,186,712.03
Financing activities			
Total cash outflows from operating activities		16,324,354,557.58	13,524,123,497.65
Net cash flows from operating activities		1,322,174,637.46	825,359,071.13

CONSOLIDATION CASH FLOW STATEMENT (CONTINUED)

Items	For the period ended 30 June 2023 (Amount in million RMB)	
	January to June in 2023	June 2022
2. Cash flows from investing activities:	-	
Cash flows from: <ul style="list-style-type: none"> • Disposal of subsidiaries and other entities 	585,669,693.39	
Cash flows from: <ul style="list-style-type: none"> • Acquisition of subsidiaries and other entities • Net change in investments in subsidiaries and other entities • Disposal of investments in subsidiaries and other entities • Net change in investments in subsidiaries and other entities 	2,349,267.69	292,649.85
Cash flows from: <ul style="list-style-type: none"> • Acquisition of subsidiaries and other entities • Disposal of investments in subsidiaries and other entities • Net change in investments in subsidiaries and other entities 	2,970,905.76	1,307.00
Cash flows from: <ul style="list-style-type: none"> • Disposal of investments in subsidiaries and other entities 	-	
Cash flows from: <ul style="list-style-type: none"> • Disposal of investments in subsidiaries and other entities 	3,853,540.97	8,165,561.97
Total cash inflows from investing activities	594,843,407.81	8,459,518.82
Cash flows from: <ul style="list-style-type: none"> • Disposal of subsidiaries and other entities • Acquisition of subsidiaries and other entities 	425,654,336.40	202,334,500.10
Cash flows from: <ul style="list-style-type: none"> • Acquisition of subsidiaries and other entities 	400,407,200.00	93,821,500.00
Cash flows from: <ul style="list-style-type: none"> • Disposal of investments in subsidiaries and other entities • Net change in investments in subsidiaries and other entities • Disposal of investments in subsidiaries and other entities 	87,673,612.00	
Cash flows from: <ul style="list-style-type: none"> • Disposal of investments in subsidiaries and other entities 	-	
Total cash outflows from investing activities	913,735,148.40	296,156,000.10
Net cash flows from investing activities	-318,891,740.59	-287,696,481.28

CONSOLIDATION CASH FLOW STATEMENT (CONTINUED)

For the period ended 30 June 2023

(All figures in million RMB)

Items	Unit	January to June in 2023	June 2022
3. Cash flows from financing activities:		—	
Cash received from issuing bank loans		14,666,520.00	4,888,840.00
Interest received from bank loans		—	—
Cash received from issuing bonds		1,130,464,608.16	2,338,475,962.75
Other cash inflows from financing activities		—	—
Total cash inflows from financing activities		1,145,131,128.16	2,343,364,802.75
Cash paid for interest on bank loans		1,057,424,723.53	1,470,221,670.22
Cash paid for interest on bonds		117,917,596.69	211,358,202.23
Interest paid on bank deposits		3,230,729.26	—
Other cash outflows from financing activities		8,638,419.31	8,250,277.36
Total cash outflows from financing activities		1,183,980,739.53	1,689,830,149.81
Net cash flows from financing activities		-38,849,611.37	653,534,652.94

CONSOLIDATION CASH FLOW STATEMENT (CONTINUED)

Items	30 June 2023		30 June 2022	
	(Amount in million RMB)	(Amount in million RMB)	(Amount in million RMB)	(Amount in million RMB)
		January to June in 2023		January to June 2022
4. Effect of foreign exchange rate changes on cash and cash equivalents		12,228,747.81		11,578,038.67
5. Net increase in cash and cash equivalents		976,662,033.31		1,202,775,281.46
6. Ending balance of cash and cash equivalents		17,268,598,501.49		13,823,745,454.47

Continued on page 37

CONSOLIDATION STATEMENTS OF CHANGES IN EQUITY

For the period ending 30 June 2023

(All amounts in RMB)

Items	Current period												
	Equity attributable to parent company					Minority interests							
	Paid-in capital	Preferred stock	Other equity instruments	Capital reserve	Less: treasury shares	Other comprehensive income	Specialized reserve	Surplus reserve	General reserve	Retained earnings	Subtotal	Minority interests	Total owners' equity
1. Ending balance of last year	1,706,533,000.00	-	-	4,338,738,992.12	-	49,765,047.57	45,719,801.06	888,849,702.10	-	4,468,395,292.71	11,727,449,835.56	665,912,117.38	12,393,361,952.94
2. Beginning balance of current year	1,706,533,000.00	-	-	4,338,738,992.12	-	49,765,047.57	45,719,801.06	888,849,702.10	-	4,468,395,292.71	11,727,449,835.56	665,912,117.38	12,393,361,952.94
3. Increase/decrease for current year* for decrease													
(1) Other comprehensive income						-295,431,646.88	7,801,633.30			84,890,551.54	6,362,463.29	19,510,666.03	-139,114,618.75
(2) Other equity instruments										84,890,551.54	-210,541,095.34		-191,030,658.31
(3) Retained earnings												46,039,507.85	46,039,507.85
(4) Specialized reserve													
(5) Surplus reserve													
(6) General reserve													
(7) Total													
4. Ending balance of current year	1,706,533,000.00	-	-	4,338,738,992.12	-	-245,666,599.31	53,281,664.36	888,849,702.10	-	4,783,485,844.25	11,535,210,935.52	709,536,740.67	12,224,717,314.19

CONSOLIDATION STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

Items	2022		2021		2020		2019		
	1,706,523,000.00	4,338,736,392.12	8,889,739.36	43,327,288.71	808,126,649.47	4,679,689,917.68	11,588,694,133.02	625,991,779.56	12,194,626,397.58
1. Ending balance of last year	1,706,523,000.00	4,338,736,392.12	8,889,739.36	43,327,288.71	808,126,649.47	4,679,689,917.68	11,588,694,133.02	625,991,779.56	12,194,626,397.58
2. Increase/decrease for current year* for									
(1) Issuance of shares									
(2) Other comprehensive income									
3. Increase/decrease for current year* for									
(1) Retained earnings									
(2) Other comprehensive income									
(3) Other									
(4) Other									
(5) Other									
4. Ending balance of current year	1,706,523,000.00	4,338,736,392.12	8,889,739.36	43,327,288.71	808,126,649.47	4,679,689,917.68	11,588,694,133.02	625,991,779.56	12,194,626,397.58

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2023
(The financial statements are presented in CN¥)

I. INFORMATION ABOUT THE COMPANY (CONTINUED)

(II) Significant subsidiaries

As at June 30, 2023, the Company has the following subsidiaries:

Name	Business
Hong Kong Film Financing Co., Ltd.	Finance
Hong Kong Entertainment Production & Distribution Co., Ltd.	Production and distribution of films and television series
Hong Kong Entertainment E-commerce Co., Ltd.	E-commerce
Hong Kong Entertainment Finance Co., Ltd.	Finance
Hong Kong Entertainment Group (E-commerce) Limited	E-commerce
Recreation Co., Ltd.	Recreation
Hong Kong Entertainment Co., Ltd.	Production and distribution of films and television series
Hong Kong Entertainment Finance Co., Ltd.	Finance
Hong Kong Entertainment Production (E-commerce) Co., Ltd.	E-commerce
Hong Kong Entertainment Group (Qingdao) Entertainment Co., Ltd.	E-commerce
Hong Kong Entertainment Group Finance Co., Ltd.	Finance
Hong Kong Entertainment Co., Ltd.	Production and distribution of films and television series
Hong Kong Entertainment Group Entertainment E-commerce Co., Ltd.	E-commerce
China Entertainment Production Co., Ltd.	Production and distribution of films and television series
Hong Kong Entertainment Limited () Co., Ltd.	Production and distribution of films and television series
Hong Kong Entertainment Group (Bermuda) Production Co., Ltd.	Production and distribution of films and television series
() Co., Ltd.	Production and distribution of films and television series
Hong Kong Entertainment Group (Bermuda) Production Co., Ltd.	Production and distribution of films and television series
Hong Kong Entertainment Finance Limited () Co., Ltd.	Finance
Hong Kong Entertainment Production Co., Ltd.	Production and distribution of films and television series
Hong Kong Entertainment Co., Ltd.	Production and distribution of films and television series

Company's subsidiaries are all wholly owned by the Company. The Company has no subsidiaries that are not included in the consolidated financial statements. The Company's subsidiaries are all incorporated in Hong Kong.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2023

(All amounts in RMB, unless otherwise specified)

II. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

(I) Basis of preparation

The financial statements are prepared on the basis of the accounting records maintained by the Company and other supporting documents. The financial statements are prepared in accordance with the accounting policies and methods consistently applied in the previous period, unless otherwise stated.

The financial statements are prepared on the basis of the historical cost method, except for the following items:

(1) Financial assets and liabilities are measured at fair value. Fair value is the price that would be received to settle an asset or liability in an orderly transaction between market participants at the measurement date. Fair value measurement is based on the assumptions that market participants would use to determine the price to receive for an asset or the price to pay to settle a liability. Fair value measurement is based on the assumptions that market participants would use to determine the price to receive for an asset or the price to pay to settle a liability. Fair value measurement is based on the assumptions that market participants would use to determine the price to receive for an asset or the price to pay to settle a liability.

(2) Financial assets and liabilities are measured at fair value. Fair value is the price that would be received to settle an asset or liability in an orderly transaction between market participants at the measurement date. Fair value measurement is based on the assumptions that market participants would use to determine the price to receive for an asset or the price to pay to settle a liability. Fair value measurement is based on the assumptions that market participants would use to determine the price to receive for an asset or the price to pay to settle a liability.

(3) Financial assets and liabilities are measured at fair value. Fair value is the price that would be received to settle an asset or liability in an orderly transaction between market participants at the measurement date. Fair value measurement is based on the assumptions that market participants would use to determine the price to receive for an asset or the price to pay to settle a liability. Fair value measurement is based on the assumptions that market participants would use to determine the price to receive for an asset or the price to pay to settle a liability.

(4) Financial assets and liabilities are measured at fair value. Fair value is the price that would be received to settle an asset or liability in an orderly transaction between market participants at the measurement date. Fair value measurement is based on the assumptions that market participants would use to determine the price to receive for an asset or the price to pay to settle a liability. Fair value measurement is based on the assumptions that market participants would use to determine the price to receive for an asset or the price to pay to settle a liability.

(5) Financial assets and liabilities are measured at fair value. Fair value is the price that would be received to settle an asset or liability in an orderly transaction between market participants at the measurement date. Fair value measurement is based on the assumptions that market participants would use to determine the price to receive for an asset or the price to pay to settle a liability. Fair value measurement is based on the assumptions that market participants would use to determine the price to receive for an asset or the price to pay to settle a liability.

(6) Financial assets and liabilities are measured at fair value. Fair value is the price that would be received to settle an asset or liability in an orderly transaction between market participants at the measurement date. Fair value measurement is based on the assumptions that market participants would use to determine the price to receive for an asset or the price to pay to settle a liability. Fair value measurement is based on the assumptions that market participants would use to determine the price to receive for an asset or the price to pay to settle a liability.

(7) Financial assets and liabilities are measured at fair value. Fair value is the price that would be received to settle an asset or liability in an orderly transaction between market participants at the measurement date. Fair value measurement is based on the assumptions that market participants would use to determine the price to receive for an asset or the price to pay to settle a liability. Fair value measurement is based on the assumptions that market participants would use to determine the price to receive for an asset or the price to pay to settle a liability.

(8) Financial assets and liabilities are measured at fair value. Fair value is the price that would be received to settle an asset or liability in an orderly transaction between market participants at the measurement date. Fair value measurement is based on the assumptions that market participants would use to determine the price to receive for an asset or the price to pay to settle a liability. Fair value measurement is based on the assumptions that market participants would use to determine the price to receive for an asset or the price to pay to settle a liability.

(9) Financial assets and liabilities are measured at fair value. Fair value is the price that would be received to settle an asset or liability in an orderly transaction between market participants at the measurement date. Fair value measurement is based on the assumptions that market participants would use to determine the price to receive for an asset or the price to pay to settle a liability. Fair value measurement is based on the assumptions that market participants would use to determine the price to receive for an asset or the price to pay to settle a liability.

(10) Financial assets and liabilities are measured at fair value. Fair value is the price that would be received to settle an asset or liability in an orderly transaction between market participants at the measurement date. Fair value measurement is based on the assumptions that market participants would use to determine the price to receive for an asset or the price to pay to settle a liability. Fair value measurement is based on the assumptions that market participants would use to determine the price to receive for an asset or the price to pay to settle a liability.

(11) Financial assets and liabilities are measured at fair value. Fair value is the price that would be received to settle an asset or liability in an orderly transaction between market participants at the measurement date. Fair value measurement is based on the assumptions that market participants would use to determine the price to receive for an asset or the price to pay to settle a liability. Fair value measurement is based on the assumptions that market participants would use to determine the price to receive for an asset or the price to pay to settle a liability.

(12) Financial assets and liabilities are measured at fair value. Fair value is the price that would be received to settle an asset or liability in an orderly transaction between market participants at the measurement date. Fair value measurement is based on the assumptions that market participants would use to determine the price to receive for an asset or the price to pay to settle a liability. Fair value measurement is based on the assumptions that market participants would use to determine the price to receive for an asset or the price to pay to settle a liability.

(II) Going concern

The Company has assessed the going concern basis of preparation of the financial statements and is satisfied that the Company is a going concern. The Company has no material uncertainties that may cast significant doubt on its ability to continue as a going concern for the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

III. DESCRIPTION OF IMPORTANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(I) 本公司在编制财务报表时，以持续经营为基础。除非有明确的证据表明企业将不再持续经营，否则企业应当按照持续经营假设编制财务报表。

本公司在编制财务报表时，以持续经营为基础。除非有明确的证据表明企业将不再持续经营，否则企业应当按照持续经营假设编制财务报表。

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(I) R 本公司在编制财务报表时，以持续经营为基础。除非有明确的证据表明企业将不再持续经营，否则企业应当按照持续经营假设编制财务报表。

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Financial statements for the period ending 30 June 2023

(The financial statements are presented in Chinese Renminbi Yuan (RMB) unless otherwise stated)

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

() A

On 30 June 2023, the Company's financial statements were audited by the independent member of the audit firm, PricewaterhouseCoopers (PwC) in accordance with the requirements of the Accounting Standards for Enterprises issued by the Ministry of Finance of the PRC. The audit firm issued an unqualified audit opinion on the financial statements.

(I) A

Relevant to the financial statements for the period ending 30 June 2023, the Company's financial statements were audited by the independent member of the audit firm, PwC in accordance with the requirements of the Accounting Standards for Enterprises issued by the Ministry of Finance of the PRC. The audit firm issued an unqualified audit opinion on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

(1) Accounts receivable (Continued)

(1) Accounts receivable

For accounts receivable, the Company uses the simplified method of expected credit loss measurement. The Company uses the simplified method of expected credit loss measurement for accounts receivable, which is based on the expected credit loss rate of the accounts receivable. The Company uses the simplified method of expected credit loss measurement for accounts receivable, which is based on the expected credit loss rate of the accounts receivable. The Company uses the simplified method of expected credit loss measurement for accounts receivable, which is based on the expected credit loss rate of the accounts receivable.

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Ageing

Ratio
(%)

Within 1 year (including 1 year)	0.5
1 - 2 years	5.25
2 - 3 years	50
3 - 4 years	80
4 - 5 years	80
Over 5 years	100

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Harbin Electric Company Limited 30 June 2023

(In Chinese Renminbi Yuan, unless otherwise stated, all amounts in CN¥)

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

(II) Revenue (Continued)

1. Revenue (Continued)

Revenue is recognized when the performance obligation is satisfied, that is, when control of the goods is transferred to the customer. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts and allowances. Revenue is recognized net of the amount of sales tax payable. Revenue is recognized when the following conditions are met:

- (a) The company has transferred control of the goods to the customer;
- (b) The company has no further obligations to the customer;
- (c) The amount of revenue can be reliably measured;
- (d) It is probable that the company will receive the consideration;
- (e) The costs incurred or to be incurred in connection with the revenue can be reliably measured.

2. Interest income

Interest income is recognized on a time basis using the effective interest method. Interest income is recognized when the financial asset is held for a period of time and the cash flows are expected to be received.

Revenue is recognized when the performance obligation is satisfied, that is, when control of the goods is transferred to the customer. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts and allowances. Revenue is recognized net of the amount of sales tax payable. Revenue is recognized when the following conditions are met:

(a) The company has transferred control of the goods to the customer;

(b) The company has no further obligations to the customer;

(c) The amount of revenue can be reliably measured;

(d) It is probable that the company will receive the consideration;

(e) The costs incurred or to be incurred in connection with the revenue can be reliably measured.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

- (I) On 2023.06.30, the Company's financial statements were audited by the Big Four audit firms. The audit firm issued an unqualified audit opinion on the Company's financial statements for the six months ended on 30 June 2023.
- (II) On 2023.06.30, the Company's financial statements were audited by the Big Four audit firms. The audit firm issued an unqualified audit opinion on the Company's financial statements for the six months ended on 30 June 2023.
- (III) In 2023, the Company's financial statements were audited by the Big Four audit firms. The audit firm issued an unqualified audit opinion on the Company's financial statements for the six months ended on 30 June 2023.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period ending 30 June 2023

(continued from page 49) CN ↓

V. TAXATION

The Company is subject to various taxes and social security contributions in the PRC. The major taxes and social security contributions are as follows:

(1) Income tax

Tax Type	Tax basis	Tax rate	Note
Corporate Income Tax (CIT)	<p>For the period ending 30 June 2023, the Company is subject to CIT at a rate of 25% on its taxable income. The Company has applied for and obtained the qualification of a High and New Technology Enterprise (HNTE) for the period from 2022 to 2024. As an HNTE, the Company is entitled to a preferential CIT rate of 15% on its taxable income.</p> <p>For the period ending 30 June 2022, the Company is subject to CIT at a rate of 25% on its taxable income. The Company has applied for and obtained the qualification of a HNTE for the period from 2021 to 2023. As an HNTE, the Company is entitled to a preferential CIT rate of 15% on its taxable income.</p>	3%, 6%, 9%, 10%, 13%	
Individual Income Tax (IIT)	<p>The Company is subject to IIT on the salaries and bonuses of its employees. The Company has applied for and obtained the qualification of a HNTE for the period from 2022 to 2024. As an HNTE, the Company is entitled to a preferential IIT rate of 7% on the salaries and bonuses of its employees.</p>	7%	
Value Added Tax (VAT)	<p>The Company is subject to VAT on its sales of goods and services. The Company has applied for and obtained the qualification of a VAT General Taxpayer. The Company is entitled to a preferential VAT rate of 13% on its sales of goods and services.</p>	15%, 25%	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

V. TAXATION (CONTINUED)

(II)

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Additional income tax expense for the period ended 30 June 2023 is primarily related to the income tax expense of the Company's subsidiaries. The income tax expense for the period ended 30 June 2023 is 15%.

On 7 August 2020, the Company's subsidiary, Hengshun Nanchang, obtained the qualification for the High-tech Enterprise (No. GR20203000278) and is eligible for the preferential income tax rate of 15%. For the period ended 30 June 2023, the Company's subsidiary, Hengshun Nanchang, has not yet obtained the qualification for the High-tech Enterprise, and the income tax expense for the period ended 30 June 2023 is 25%.

The income tax expense for the period ended 30 June 2023 is 15% (for the period ended 30 June 2022: 15%), and the income tax expense for the period ended 30 June 2022 is 25% (for the period ended 30 June 2022: 25%).

(III)

Hengshun Kweichow

The Company's subsidiary, Hengshun Kweichow, is a company registered in China. The income tax expense for the period ended 30 June 2023 is 25%.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

VI. NOTES TO KEY ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS

(1) 除另有说明外，所有金额均以人民币元为单位。

(1) 应收账款

1. 应收账款

	30 June, 2023				31 December, 2022			
	Carrying Amount		Bad debt provision		Carrying Amount		Bad debt provision	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
应收账款	1,833,582,388.88	13.56	1,221,509,657.69	66.62	2,033,882,106.57	16.30	1,332,648,801.67	65.52
应收账款	11,689,621,822.67	86.44	3,756,547,631.93	32.14	10,446,461,339.77	83.70	3,702,319,063.71	35.44
	13,523,204,211.55	-	4,978,057,289.62	-	12,480,343,446.34		5,034,967,865.38	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Financial statements for the period ending 30 June 2023

(Currency in Chinese Yuan Renminbi, unless otherwise stated) CN ¥

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

(1) Accounts receivable (Continued)

2. Accounts receivable aged over 1 year

Debtor	Accounts receivable	Bad debt provision	Percentage (%)	Reason
Harbin Gaoxin Power Equipment Co., Ltd.	350,582,500.00	31,055,125.00	8.86	Disputed
Harbin Jiyuan Power Generation Co., Ltd.	340,410,000.00	340,410,000.00	100.00	Disputed
Ningbo 703 Refrigeration Equipment Co., Ltd.	286,369,055.40	44,614,150.00	15.58	Disputed
Minghe Refrigeration Equipment Co., Ltd.	285,707,458.48	285,707,458.48	100.00	Disputed
Liuzhou Refrigeration Equipment Co., Ltd.	138,103,973.14	138,103,973.14	100.00	Disputed
Shanghai E Refrigeration Equipment Co., Ltd.	39,994,803.00	39,994,803.00	100.00	Disputed
Yantai H Refrigeration Equipment Co., Ltd.	34,000,000.00	34,000,000.00	100.00	Disputed
Dandong Refrigeration Equipment Co., Ltd.	33,560,000.00	33,560,000.00	100.00	Disputed

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

(I) A 应收账款 (CNY)

2. A 应收账款 (CNY)

Debtor	Accounts receivable	Bad debt provision	Percentage (%)	Reason
China Pacific Insurance Group Limited	32,500,000.00	32,500,000.00	100.00	2023年6月30日
Grain Processing and Food Industry Group Limited				2023年6月30日
China National Petroleum Corporation	56,360,011.90	56,360,011.91	100.00	2023年6月30日
China National Petroleum Corporation	27,384,367.22	21,907,493.78	80.00	2023年6月30日
China National Petroleum Corporation	26,904,000.00	23,950,400.00	89.02	2023年6月30日
China National Petroleum Corporation	17,503,787.91	17,503,787.91	100.00	2023年6月30日
Grain Processing and Food Industry Group Limited	17,091,249.84			2023年6月30日
China National Petroleum Corporation	16,604,910.00	16,604,910.00	100.00	2023年6月30日

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period from January 1, 2023 to December 31, 2023

(Currency in Chinese Yuan, unless otherwise indicated)

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

(1) Accounts receivable (Continued)

2. Accounts receivable with significant impairment (Continued)

Debtor	Accounts receivable	Bad debt provision	Percentage (%)	Reason
Harbin Electric Power Co., Ltd.	16,451,976.74	16,451,976.74	100.00	Jointly owned
Harbin Electric Power Co., Ltd.	14,916,499.74	13,919,381.79	93.32	Jointly owned
Harbin Electric Power Co., Ltd.	99,137,795.51	74,866,185.94		Jointly owned
Other				
	1,833,582,388.88	1,221,509,657.69		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

(I) Accounts receivable (Continued)

3. Accounts receivable aged 1-3 months (Continued)

(1) Accounts receivable aged 1-3 months (Continued)

Age	30 June, 2023			31 December, 2022		
	Amount	Bad debt Provision	Percentage (%)	Amount	Bad debt Provision	Percentage (%)
1 month	5,939,459,175.20	287,994,963.95	50.81	4,744,697,091.82	232,940,665.70	45.42
0-1 month	1,776,239,859.84	440,437,286.82	15.20	1,873,273,275.37	466,335,346.94	17.93
1-3 months	1,199,479,136.82	594,193,260.85	10.26	1,039,823,998.94	516,153,561.04	9.95
0-3 months	2,774,443,650.81	2,433,922,120.31	23.73	2,788,666,973.64	2,488,009,349.03	26.69
	11,689,621,822.67	3,756,547,631.93	-	10,446,461,339.77	3,703,438,922.71	-

4. Provisions for doubtful accounts (Continued)

Net provisions for doubtful accounts, 30 June 2023: -43,112,307.96

5. Accounts receivable aged 3-6 months (Continued)

Net provisions for doubtful accounts, 30 June 2023: 13,798,267.80

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Financial statements for the period ended 30 June 2023

(Continued from page 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000)

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

(II) Prepaid expenses

Account	30 June, 2023		31 December, 2022		
	Carrying Amount Amount	Bad debt provision Percentage (%)	Carrying Amount Amount	Bad debt provision Percentage (%)	Bad debt provision Amount
Prepaid expenses	4,171,195,964.31	69.29	3,813,035,498.98	77.90	
Prepaid expenses	1,182,851,828.63	19.65	471,293,327.89	9.63	
Prepaid expenses	234,340,110.13	3.89	302,045,247.95	6.17	
Prepaid expenses	431,142,078.50	7.16	1,732,617.80	6.30	1,732,617.80
Total	6,019,529,981.57	100.00	4,894,961,285.52	100.00	1,732,617.80

(III) Other receivables

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

(III) Other receivables (Continued)

1. Other receivables

Items	30 June, 2023	31 December, 2022
Other receivables	6,392,125.16	8,343,182.28
	6,392,125.16	8,343,182.28

2. Other receivables

1) Other receivables

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Financial statements for the period ended 30 June 2023

(Continued)

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

(III) Other receivables (Continued)

2. Details of other receivables (Continued)

2) Other receivables with significant impairment losses

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

3) Provisions for impairment losses on other receivables

As at 30 June 2023, the Company has provided a total provision for impairment losses on other receivables of RMB393,692,498.77.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

(I) Other receivables

Items	30 June, 2023	31 December, 2022
Expected receivables	150,000,000.00	290,000,000.00
Due from related parties and other receivables	436,096,648.85	349,006,924.66
Total	586,096,648.85	639,006,924.66

(II) Contract assets

For the six months ended on June 30, 2023, the Contract assets increased by RMB3,704,175.88 (Contract assets on December 31, 2022: RMB3,516,298.27) due to the increase in the amount of contract assets recognized during the period. The amount of contract assets recognized during the period is RMB5,425,058.86 (Contract assets on June 30, 2022: RMB3,817,890.92), of which the amount of contract assets recognized during the period is RMB215,411.57 (Contract assets on December 31, 2022: RMB301,592.65).

For the six months ended on June 30, 2023, the Contract liabilities increased by RMB425,654,336.40 (Contract liabilities on December 31, 2022: RMB202,334,500.10), due to the increase in the amount of contract liabilities recognized during the period. The amount of contract liabilities recognized during the period is RMB425,654,336.40 (Contract liabilities on December 31, 2022: RMB202,334,500.10).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period from January 1, 2022 to June 30, 2023

(Currency: RMB, unless otherwise specified; Unit: RMB 10,000,000)

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

(I) Other receivables

Items	30 June, 2023	31 December, 2022
Prepaid expenses	16,000,000.00	10,000,000.00
Contract assets	4,879,002,991.77	4,802,857,850.77
Total	4,895,002,991.77	4,812,857,850.77

(II) Accounts receivable

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

(III) N - 1 1 1

Items	30 June, 2023	31 December, 2022
L 1	900,808,980.32	376,797,151.00
L 2	40,118,500.00	
L 3		25,263,157.88
	940,927,480.32	402,060,308.88

1 1 1

Shareholder's name	31 December, 2023		30 June, 2022	
	Investment amount	proportion (%)	Investment amount	proportion (%)
H 1 E 1				
C 1 1	1,030,952,000.00	60.41	1,030,952,000.00	60.41
O 1 1	675,571,000.00	39.59	675,571,000.00	39.59
	1,706,523,000.00	100.00	1,706,523,000.00	100.00

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2023

(All amounts in RMB million, unless otherwise indicated) CN¥

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

1. **Intangible assets**

1. **Goodwill**

Goodwill is recognized as the excess of the cost of an acquisition over the fair value of the identifiable intangible assets acquired. Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment annually, or more frequently if there are indicators of impairment. For the purpose of impairment testing, goodwill is allocated to each of the cash-generating units (CGUs) that are expected to benefit from the synergies of the combination. The carrying amount of goodwill is tested for impairment by comparing the carrying amount of the cash-generating unit to its recoverable amount. The recoverable amount is the maximum of the fair value less costs of disposal and value in use. If the carrying amount of the cash-generating unit exceeds its recoverable amount, the impairment loss is first allocated to the goodwill of the cash-generating unit and then to other assets of the cash-generating unit on a pro-rata basis. Goodwill impairment losses are recognized in the consolidated income statement. Goodwill impairment losses are not reversed.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment annually, or more frequently if there are indicators of impairment. For the purpose of impairment testing, goodwill is allocated to each of the cash-generating units (CGUs) that are expected to benefit from the synergies of the combination. The carrying amount of goodwill is tested for impairment by comparing the carrying amount of the cash-generating unit to its recoverable amount. The recoverable amount is the maximum of the fair value less costs of disposal and value in use. If the carrying amount of the cash-generating unit exceeds its recoverable amount, the impairment loss is first allocated to the goodwill of the cash-generating unit and then to other assets of the cash-generating unit on a pro-rata basis. Goodwill impairment losses are recognized in the consolidated income statement. Goodwill impairment losses are not reversed.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

(1) 人民币 (CNY)

1. 研发投入 (R&D Expenses)

(1) 截至 2023 年 6 月 30 日止

Items	New power system with new energy as the main body	Green and low-carbon drive system	Clean and efficient industrial system	Others	Offsetting	Total
(I) 研发投入 (R&D Expenses)	10,473,181,551.04	494,350,081.09	1,887,141,988.86	4,950,480,697.76	-4,041,332,217.21	13,763,822,101.53
其中: 研发费用 (Research Expenses)	6,702,033,488.35	493,385,479.30	1,811,101,325.64	4,757,301,808.25		13,763,822,101.53
其中: 研发费用 (Research Expenses)	3,771,148,062.69	964,601.79	76,040,663.22	193,178,889.51	-4,041,332,217.21	
(II) 其他 (Others)	3,225,736.53	152,259.67	581,239.12	1,524,746.45	-1,471,750.33	4,012,231.44
(III) 其他 (Others)	-130,603,024.74	-6,164,661.19	-23,533,102.21	-61,733,652.75		-222,034,440.89
(I) 其他 (Others)	23,392,334.22	1,104,153.72	4,215,018.70	11,057,127.05	-9,944,527.03	29,824,106.66
(I) 其他 (Others)	232,914,067.25	10,993,897.84	41,968,327.77	110,094,204.76	-3,471,287.94	392,499,209.68
(I) 其他 (Others)	146,920,717.90	6,934,881.10	26,473,355.25	69,446,726.81	-76,960,143.92	172,815,537.14
(III) 其他 (Others)	40,239,835.76	1,899,381.38	7,250,736.88	19,020,631.82	4,544.22	68,415,130.06
(III) 其他 (Others)	106,680,882.13	5,035,499.72	19,222,618.37	50,426,095.00	-76,964,688.14	104,400,407.08
其他 (Others)	64,570,379,761.55	3,047,820,026.38	11,634,809,755.82	30,521,233,409.24	-40,442,864,685.64	69,331,378,267.34
其他 (Others)	51,092,760,708.55	2,411,655,930.56	9,206,304,081.51	24,150,610,246.79	-29,764,699,453.77	57,096,631,513.64

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2023

(Expressed in million RMB, unless otherwise indicated)

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

(A) Investment in subsidiaries (Continued)

1. Restricted Investment in subsidiaries (Continued)

(2) Details of Restricted Investment in subsidiaries as at June 30, 2022

Item	Net Investment in Subsidiaries		Cost		Other	Other	Total
	RMB million	US\$ million	RMB million	US\$ million			
(I) Original investment	8,164,215,276.85	687,725,140.28	1,756,463,670.87	4,319,564,827.51	-3,055,681,216.54		11,872,287,698.97
Investment in subsidiaries	5,391,592,768.94	676,802,573.88	1,600,999,006.09	4,202,893,350.06			11,872,287,698.97
Investment in subsidiaries	2,772,622,507.91	10,922,566.40	155,464,664.78	116,671,477.45	-3,055,681,216.54		
(II) Investment in subsidiaries	4,073,071.38	343,101.39	876,287.76	2,155,001.46	-4,066,345.03		3,381,116.96
(III) Investment in subsidiaries	-88,151,455.10	-7,425,572.42	-18,965,059.49	-46,639,623.29	8,965,325.92		-152,216,384.39
(I) Cost	-286,865,670.42	-24,164,567.78	-61,716,786.17	-151,776,357.94	2,775,454.97		-521,747,927.36
(I) Dividend income	197,368,637.96	16,625,648.59	42,462,236.80	104,424,809.70			360,881,333.05
(I) Investment in subsidiaries	101,322,180.11	8,535,028.56	21,798,632.49	53,608,057.92	-60,839,561.58		124,424,337.51
(II) Investment in subsidiaries	34,366,715.83	2,894,932.78	7,393,715.84	18,182,918.00	-11,507.44		62,826,775.03
(III) Net investment in subsidiaries	66,955,464.28	5,640,095.77	14,404,916.65	35,425,139.92	-60,828,054.14		61,597,562.48
Investment in subsidiaries	54,226,219,196.31	4,567,828,375.30	11,666,324,416.63	28,690,285,744.10	-36,963,127,589.04		62,187,530,143.30
Investment in subsidiaries	42,494,268,727.28	3,579,569,613.31	9,142,291,905.42	22,483,085,310.80	-27,814,971,114.90		49,884,244,441.91

(A) Investment in subsidiaries (Continued)

For the period ended 30 June 2023, investment in subsidiaries (expressed in million RMB) was RMB627,753,050.19 (for the period ended June 30, 2022, investment in subsidiaries (expressed in million RMB) was RMB498,397,855.04). Management has conducted a comprehensive review of the investment in subsidiaries, and the results are as follows:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

(II) Other income

Items	January to June in 2023	January to June 2022
Bank interest	29,824,106.66	-521,747,927.36
	29,824,106.66	-521,747,927.36

(III) Impairment losses

Items	January to June in 2023	January to June 2022
Impairment losses on financial assets	-20,048,274.85	-32,964,102.37
Impairment losses on other non-current assets	-201,975,817.49	-118,769,361.88
Financial assets impairment losses	-10,348.55	-482,920.14
	-222,034,440.89	-152,216,384.39

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

1) Prepaid expenses

Items	January to June in 2023
Non-current	104,400,407.08
Current	68,415,130.06
Prepaid advertising	345,293,185.92
Prepaid commissions	45,338,932.78
Prepaid interest	1,867,090.98
Prepaid insurance	17,500,232.46
Prepaid income tax	192,957,262.95
Prepaid property taxes	120,303,704.46
Prepaid rent	3,204,427.14
Prepaid expenses	899,280,373.83

2) Derivatives

Items	January to June in 2023	January to June 2022
Derivatives denominated in RMB0.006		
Derivatives denominated in RMB0.000		

As at 30 June 2023, the Company has no derivatives.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period from January 1, 2023 to June 30, 2023

(Currency: RMB Yuan, unless otherwise specified; Unit: RMB Yuan, unless otherwise specified)

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

(II) Earnings per share

Items	January to June in 2023	January to June 2022
Number of shares outstanding at the beginning of the period	84,889,971.05	51,835,303.42
Number of shares issued during the period	1,706,523,000.00	1,706,523,000.00
Ending number of shares	0.05	0.03

VII RELATED PARTY AND TRANSACTION

(I) Significant transactions with related parties

The company has no significant transactions with related parties during the reporting period.

1. For the period from January 1, 2023 to June 30, 2023, the company has no significant transactions with related parties.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

VII RELATED PARTY AND TRANSACTION (CONTINUED)

(I) 关联方交易 (Continued)

2. 关联方交易 (Continued)

本公司与上海华东能源集团有限公司（以下简称“华东能源”）于2022年11月25日签订《华东能源集团有限公司2022-2025年关联交易框架协议》。

本公司与上海华东能源集团有限公司（以下简称“华东能源”）于2022年11月20日签订《华东能源集团有限公司2022-2025年关联交易框架协议》。

本公司与上海华东能源集团有限公司（以下简称“华东能源”）于2022年11月20日签订《华东能源集团有限公司2022-2025年关联交易框架协议》。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Financial statements for the period ending 30 June 2023

(Currency: RMB Yuan, unless otherwise specified, unit: CN¥)

VII RELATED PARTY AND TRANSACTION (CONTINUED)

(1) Significant transactions with related parties (Continued)

2. Significant transactions with related parties (Continued)

(1) Significant transactions with related parties (Continued)

Related party	January to June in 2023	January to June 2022
Changchun Electric Equipment Co., Ltd.		6,461,736.43
Changchun Electric Equipment Co., Ltd. (1)	15,038,031.44	546,192.21
Changchun Electric Equipment Co., Ltd.	14,068,821.06	14,301,809.56

Changchun Electric Equipment Co., Ltd. (1) is a related party of the Company. The Company has provided financial assistance to Changchun Electric Equipment Co., Ltd. (1) in the form of a loan. The loan is recorded in the Company's financial statements as a loan receivable. The Company has provided financial assistance to Changchun Electric Equipment Co., Ltd. (1) in the form of a loan. The loan is recorded in the Company's financial statements as a loan receivable.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

VII RELATED PARTY AND TRANSACTION (CONTINUED)

(1) 本公司及附属公司(“集团”) (Continued)

2. 本公司及附属公司(“集团”) (Continued)

(2) 关联方交易 (Continued)

Related party	January to June in 2023	January to June in 2022
关联方		1,956,431.71
关联方		548,752.49
关联方		2,505,184.20

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period from January 1, 2023 to June 30, 2023

(Currency: RMB Yuan, unless otherwise specified)

VII RELATED PARTY AND TRANSACTION (CONTINUED)

(1) The following table shows the related party transactions (in RMB Yuan):

2. The following table shows the related party transactions (in RMB Yuan):

(3) The following table shows the related party transactions:

Related party	January to June in 2023	January to June in 2022
Company's purchase of goods from related party	66,836,094.17	2,905,660.38
	66,836,094.17	2,905,660.38

As mentioned in Note (2) and (3), the related party transactions are conducted on an arm's length basis and are in accordance with the relevant provisions of the Company's Articles of Association and the Company's Financial Management System. The transactions are conducted in accordance with the relevant provisions of the Company's Articles of Association and the Company's Financial Management System. The transactions are conducted in accordance with the relevant provisions of the Company's Articles of Association and the Company's Financial Management System.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period from January 1, 2023 to June 30, 2023

(Currency: RMB Yuan, unless otherwise specified)

VII RELATED PARTY AND TRANSACTION (CONTINUED)

(1) For the period from January 1, 2023 to June 30, 2023 (Currency: RMB Yuan)

2. Current receivables from related parties (Currency: RMB Yuan)

(5) Receivables from related parties (Currency: RMB Yuan)

Related party	January to June in 2023	January to June 2022
Receivables from related parties	7,336,661.88	2,469,186.00

For the period from January 1, 2023 to June 30, 2023 (5) Receivables from related parties (Currency: RMB Yuan) RMB 14A.33 (L) RMB

(6) Receivables from EPC related parties

Related party	Content of related party	January to June in 2023	January to June 2022
Current receivables from related parties	Receivables from EPC related parties		4,706,935.20
			4,706,935.20

For the period from January 1, 2023 to June 30, 2023 (6) Receivables from EPC related parties (Currency: RMB Yuan) RMB 14A.33 (L) RMB

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

VII RELATED PARTY AND TRANSACTION (CONTINUED)

(1) 本公司及附属公司（以下简称“集团”）（以下简称“本公司”）

2. 本公司及附属公司（以下简称“集团”）（以下简称“本公司”）

(7) 本公司及附属公司（以下简称“集团”）（以下简称“本公司”）

Related party	Content of related party	January to June in 2023	January to June 2022
本公司及附属公司	本公司及附属公司		22,238,207.60
			22,238,207.60

本公司及附属公司（以下简称“集团”）（以下简称“本公司”）
From the Annual Report of the Company for the period ended 30 June 2023
Chapter 14.A.33 of the Listing Rules

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Financial statements for the period ended 30 June 2023

(The financial statements are presented in Chinese Renminbi Yuan unless otherwise indicated)

VII RELATED PARTY AND TRANSACTION (CONTINUED)

(I) Significant transactions and balances with related parties (continued)

3. Accounts receivable

(1) Accounts receivable

Items	Related party	30 June, 2023		30 December, 2022	
		Carrying Amount	Bad debt allowance	Carrying Amount	Bad debt allowance
A/R					
	China Electric Power Group	591,992.00		6,106,792.00	
P/A					
	China Electric Power Group	5,026,730.00		46,000.00	
Other					
	Harbin Electric Power Group	1,732,830.19		154,650,000.00	
	China Electric Power Group	175,750.61		166,292.55	
Other					
	China Electric Power Group	150,000,000.00		150,000,000.00	
C/A					
	China Electric Power Group	3,040,000.00		174,166.67	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

VII RELATED PARTY AND TRANSACTION (CONTINUED)

(1) 关联方交易 (Continued)

3. 关联方交易 (Continued)

(2) 关联方交易 (Continued)

Items	Related party	30 June, 2023	30 June, 2022
应收账款	关联方	214,568,136.69	476,469,505.25
应付账款	关联方	173,317,226.07	161,535,438.14
预收账款	关联方	3,997,091,932.96	3,997,091,932.96
预付账款	关联方	55,292.00	55,292.00
其他应收款	关联方	7,822,895.45	7,206,597.07
其他应付款	关联方	6,995,504.60	7,147,307.60
长期股权投资	关联方	6,346,998.71	4,909,290.00
其他流动资产	关联方	920,094.78	598,721.71
其他非流动资产	关联方	1,000,000.00	1,000,000.00
其他非流动负债	关联方	2,500,000.00	2,500,000.00

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2023

(in million Chinese Yuan)

VIII SHARE-BASED PAYMENT

Nil

IX CONTINGENCIES

(I) Contingent liabilities

1. Contingent liabilities

As at June 30, 2023, the company has the following contingent liabilities:

No.	Guarantee company	Name	Nature	Method	Category	Anti-guarantee method	Amount	Increasing in this year	Situation of Guaranteed	Overdue situation	Sued situation	Guaranteed
							1,157,153,820.79					
1	HARBIN ELECTRIC CO., LTD.	HARBIN ELECTRIC CO., LTD.	Guarantee	Guarantee	Prime	None	8,129,624.45		Normal	None	None	
2	HARBIN ELECTRIC CO., LTD.	HARBIN ELECTRIC CO., LTD.	Guarantee	Guarantee	Prime	None	10,941,583.18		Normal	None	None	
3	HARBIN ELECTRIC CO., LTD.	HARBIN ELECTRIC CO., LTD.	Guarantee	Guarantee	Prime	None	604,752,953.16		Normal	None	None	
4	HARBIN ELECTRIC CO., LTD.	HARBIN ELECTRIC CO., LTD.	Guarantee	Guarantee	Prime	None	505,490,660.00		Normal	None	None	
5	HARBIN ELECTRIC CO., LTD.	HEGONG ELECTRIC POWER EQUIPMENT EXPORT CO., LTD.	Guarantee	Guarantee	L	None	13,789,900.00		Normal	None	None	
6	HARBIN ELECTRIC CO., LTD.	HEGONG ELECTRIC POWER EQUIPMENT EXPORT CO., LTD.	Guarantee	Guarantee	L	None	13,249,100.00		Normal	None	None	
7	HARBIN ELECTRIC CO., LTD.	HARBIN ELECTRIC CO., LTD.	Guarantee	Guarantee	Prime	None	800,000.00		Normal	None	None	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

IX CONTINGENCIES (CONTINUED)

(I) C 司 的 未 决 诉讼 (C 司 的)

2. 哈 尔 滨 电 气 有 限 公 司 的 未 决 诉讼 涉 及 公 司 的 一 项 合 同 争 议 。 公 司 的 法 律 顾 问 已 对 该 争 议 进 行 了 评 估 ， 并 认 为 公 司 有 可 能 承 担 一 项 合 同 争 议 的 未 决 诉讼 的 责 任 ， 但 是 该 争 议 的 结 果 尚 不 确 定 。

As at June 30, 2023, the amount of the contract dispute is RMB 45,950,581.03 thousand yuan. The company's legal counsel has evaluated the dispute and believes that the company may be liable for the contract dispute, but the result of the dispute is still uncertain.

Company	Unpaid contract amount (ten thousand yuan)	Expected investment period
哈 尔 滨 电 气 有 限 公 司 (哈 尔 滨 电 气 有 限 公 司)	26,664,000.00	2023
哈 尔 滨 电 气 有 限 公 司 的 子 公 司 哈 尔 滨 电 气 有 限 公 司	19,286,581.03	2023
	45,950,581.03	

(II) C 司 的 未 决 诉讼

As at June 30, 2023, the amount of the contract dispute is RMB 45,950,581.03 thousand yuan.

X. EVENTS AFTER THE BALANCE SHEET DATA

As at the reporting date, there are no events after the balance sheet data.

Harbin Electric Co., Ltd

As at June 25, 2023

INFORMATION ON THE COMPANY

REGISTERED NAME OF THE COMPANY

哈爾濱電氣股份有限公司

ENGLISH NAME OF THE COMPANY

Harbin Electric Company Limited

REGISTERED ADDRESS OF THE COMPANY

1399 Chengde Road, Room 1001, Harbin Economic Development Zone, Harbin, Heilongjiang Province, P. R. China
91230100127575573H

OFFICE ADDRESS OF THE COMPANY

1399 Chengde Road, Room 1001, Harbin Economic Development Zone, Harbin, Heilongjiang Province, P. R. China
P. O. Box: 150028
Tel: 86-451-82135727 / 858590070
Fax: 86-451-82162088

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Room 1601, 16/F, LH Building, 31 Queen's Road Central, Hong Kong

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LEGAL REPRESENTATIVE

Mr. Cao Jun

AUTHORISED REPRESENTATIVES

Mr. He Jun

Mr. Alan

COMPANY SECRETARY

Mr. Alan

JOINT COMPANY SECRETARY

Mr. Chen Ming

AUDITORS

Dahua

Certified Public Accountants LLP

LEGAL ADVISORS

PRCL

Haiwen Partners

LISTING INFORMATION

Harbin

The Stock Exchange of Hong Kong Limited

Code: 1133

DEPOSITARY

The Bank of New York

SHARE REGISTER AND TRANSFER OFFICE

Hong Kong Registrars Limited