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REPORT OF THE DIRECTORS

The B a d f D ec (he B a d) f Ha b h E ec c C ah L ed (he C ah) ea ed ahh nce he e a hg e f he C ah ahd b d a e (he G) f he h h ended 30 J he 2017, h ch e e e a ed h ace dance h he Ch he e Eh e e Ace h hg S ahda d. S ch e a hg e ha e h. beeh a d ed b ha e beeh e e ed b BDO Ch ha Sh L h Pah Ce fed P b c Ace h ah LLP.

The B a d f he e ha he e a hg e f he G f he h h ended 30 J he 2017 d h. de a e f ah a f he Ch he e Ace h hg S ahda d f B he Eh e e h a e a a ec .

The c ehc eh hed h h e a Reh hb.

INDUSTRY DEVELOPMENT AND BUSINESS REVIEW

D hg he f ha f 2017, he h e eh h d e c e h Ch ha

OPERATING RESULTS

PRODUCTION AND SERVICES

The ca ac_ f_he G ' e e eh d ced d hg_he h eh ded 30 J he 2017 a 9,284 MW, a dec ea e f 29.6% a a ed _h_he a e e d a_ ea , and a hg h ch 8 a e_ b he gehe a gehe a ed 1,294 MW, a dec ea e f 48.2% a a ed _h_he a e e d a_ ea ; 24 _ea _ b he gehe a gehe a ed 7,990 MW, a dec ea e f 25.2% a a ed _h_he a e e d a_ ea ; 21 _ _ b e f e _a h gehe a ed 9,685 MW, ah hc ea e f 42.4% a a ed _h_he a e e d a_ ea ; and 16 _ea _ b he f e _a h gehe a ed 6,701 MW, ah hc ea e f 30.5% a a ed _h_he a e e d a_ ea . The chahge h d c h ca ac_ f d ffe eh hd f d c a a ed _h_he a e e d a_ ea e e ah a_ b_ab e_ he ba ahce h d c h ched hg f e _hg de f _he G .

OPERATING REVENUE AND COST

F _he h eh ded 30 J he 2017,_he G e ded ah e a hg e eh e f RMB16,778.05 h, ah hc ea e f 13.41% a a ed _h_he a e e d a_ ea . Ih a_ c a, e a hg e eh e f ah_he a e e eh a RMB6,873.29 h, ah hc ea e f 14.98% a a ed _h_he a e e d a_ ea . O e a hg e eh e f h c ea e e eh a RMB794.45 h, ah hc ea e f 11.02% a a ed _h_he a e e d a_ ea . O e a hg e eh e f ah h d e e eh a RMB608.53 h, a dec ea e f 58.10% a a ed _h_he a e e d a_ ea . O e a hg e eh e f eh g hee hg e ce f e _a h a RMB6,725.57 h, ah hc ea e f 34.67% a a ed _h_he a e e d a_ ea . O e a hg e eh e f ah c a e eh f e _a h a RMB751.69 h, ah hc ea e f 25.63% a a ed _h_he a e e d a_ ea . O e a hg e eh e f AC/DC and_he d c and e ce a RMB1,024.52 h, a dec ea e f 2.99% a a ed _h_he a e e d a_ ea .

During the Reporting Period, the Group recorded revenue of RMB6,650.26 million, accounting for 39.64% of the total revenue. The revenue from Pakistan, Turkey, Egypt and Ecuador, and the revenue from Asia accounted for 32.71% of the revenue from overseas markets, whereas the revenue from North America and Africa accounted for 5.10% and 1.83% of the revenue from overseas markets, respectively.

During the Reporting Period, the revenue of the Group was RMB14,668.84 million, an increase of 12.77% as compared to the corresponding period of last year, mainly because the revenue from overseas markets increased by the corresponding period of last year.

GROSS PROFIT AND GROSS PROFIT MARGIN

For the six months ended 30 June 2017, the Group realized gross profit of RMB2,109.21 million, an increase of 18.04% as compared to the corresponding period of last year. The gross profit margin was 12.57%, an increase of 0.49 percentage points as compared to the corresponding period of last year.

In particular, the gross profit from the sales of RMB1,340.29 million and the gross profit margin was 19.50%, an increase of 3.65 percentage points as compared to the corresponding period of last year; the gross profit from the sales of RMB181.56 million and the gross profit margin was 22.85%, an increase of 6.34 percentage points as compared to the corresponding period of last year; the gross profit from the sales of RMB104.19 million and the gross profit margin was 17.12%, an increase of 1.69 percentage points as compared to the corresponding period of last year; the gross profit from engineering service of RMB242.10 million and the gross profit margin was 3.60%, a decrease of 2.04 percentage points as compared to the corresponding period of last year; the gross profit from the sales of RMB32.62 million and the gross profit margin was 4.34%, a decrease of 11.43 percentage points as compared to the corresponding period of last year; and the gross profit from AC/DC and the rectifier was RMB208.45 million and the gross profit margin was 20.35%, an increase of 8.89 percentage points as compared to the corresponding period of last year.

EXPENSES FOR THE PERIOD

F he h h ended 30 J he 2017, he G hc ed e eh e f he e d a h ed RMB1,350.54 h, ah hc ea e f RMB55.70 h 4.30% a a ed h he a e e d a ea. Ih a c a, d b h e eh e a h ed RMB246.38 h, a dec ea e f RMB16.18 h 6.16% a a ed h he a e e d a ea; ad h a e e eh e hc ed a h ed RMB935.42 h, a dec ea e f RMB13.48 h 1.42% a a ed h he a e e d a ea; fhance hc ed a h ed RMB168.74 h, ah hc ea e f RMB85.36 h 102.37% a a ed h he a e e d a ea.

The hc ea e h e eh e f he e d a ah a b ab e he hc ea e h he e change f he c eh e d.

ASSETS AND LIABILITIES

A a 30 J he 2017, he a a e f he G a h ed RMB64,206.53 h, a dec ea e f RMB1,660.98 h 2.52% e he beg hh hg f he e d, and a hg h ch he c eh a e e e RMB55,578.37 h, ac h hg 86.56% f he a a e , and he h h-c eh a e e e RMB8,628.16 h, ac h hg 13.44% f he a a e .

The a ab e f he G a h ed RMB49,454.32 h, a dec ea e f RMB1,770.77 h 3.46% e he beg hh hg f he e d, and a hg h ch he c eh ab e e e RMB48,043.46 h, ac h hg 97.15% f he a ab e , and he h h-c eh ab e e e RMB1,410.86 h, ac h hg 2.85% f he a ab e , hc d hg he f e- ea e c a e b hd h ah hg e f RMB3.0 b h b he ah h Ma ch 2013. The ba ahce f b hd a ab e f he c eh e d a RMB2,998.83 h, h ch a e h Ma ch 2018. Hehce, he ba ahce f b hd a ab e ec a fed a h h-c eh ab e d e h h he ea . A a 30 J he 2017, he gea hg a f he G a 77.02% a a ed 77.77% a he beg hh hg f he e d.

GEARING RATIO

A a 30 J he 2017, he gea hg a f he G (ca c a ed a h h-c eh ab e e a ha eh de ' e) a 0.10:1 a a ed 0.33:1 a he beg hh hg f he e d. S ch chahge a a a b abe he gh f cah dec ea e h a h-c eh ab e a a e f ec a fca h f ba ahce f h d a ab e h-c eh ab e d e h h he ea d hg he e d.

MONETARY CAPITAL AND CASH FLOWS

A a 30 J he 2017, he he a ca a f he G a RMB15,006.75 h, e e eh hg a dec ea e f RMB3,083.17 h 17.04% a a ed he beg hh hg f he e d, a a b abe he a eh f ceh a ed a e a c e eh d hg he f ha f f he ea . D hg he e d, he hega e he ca h f gehe a ed f e a hg ac e f he G a RMB1,855.54 h, h e h e hg ac e gehe a ed hega e he ca h f f RMB1,745.78 h ahd f hahc hg ac e gehe a ed he ca h f f RMB671.38 h.

FUNDING AND BORROWINGS

The G c eh ha f f hd hg ce f e a h ahd de e eh, ha e ha eh de ' f hd , ade ece ab e f c e , bah f hg ahd a e h d . The G a ahge f hg f each ec f c ec . E ce f e ec a a h , ah be a ed hd d a b he G ' b da e . H e e, a a a f he a eh a h e ed h e ec f h hg a ed f ca a h e eh . A a 30 J he 2017, he G ' a h hg a h ed RMB2,918.01 h, a f h ch e e ade b a a e ca bah ahd he a e' c bah a h e e a e a ed b he a e. A hg he h hg , he a h d e h h he ea a RMB2,918.01 h, ah hc ea e f RMB828.67 h e he beg hh hg f

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

F he h h ended 30 J he 2017, he G had ade f ed a e h e eh f RMB505.65 h, hch ah e e ed f he echh g g adhg ec f h cea   h f Ha bh Eec c P e E eh G ah L ed, he ah fac hg ba e e eh ec f ah h cea   h f Ha bh Eec c P e E eh G ah , he h cea and ah e eh ah fac hg a a h f h cea e f Ha bh Eec c G a h (QHD) Hea E eh G ah L ed and he ec .

Oh 14 Ma ch 2017, he G ah eh e ed h he h eh e eh e e ag ee eh h Gehe a E ec c (Ch ha) G ., L d., ac d hg , a ag eed ha Gehe a Ha bh E ec c (Q hh ahgda) Ga T bhe G ., L d. (哈電通用(秦皇島)燃氣輪機有限公司) be e ab hed h Q hh ahgda , Hebe , he PRC, he e be ahaged and e a ed ah he e f he h eh e eh e e ag ee eh . The eg e ed ca a f he h eh e G ah RMB667,000,000, h he G ah and Gehe a E ec c (Ch ha) G ., L d. each G h b e RMB333,500,000 and be eh ed 50% f he eg e ed ca a f he h eh e G ah . The h eh e eh e e ag ee eh G e h effec h he da e he e he b a d f d ec f each f he G ah and Gehe a E ec c (Ch ha) G ., L d. a e he h eh e eh e e ag ee eh and ah ac h G h e a ed he e hde .

Sa e a d c ed ab e, he G d d h ha e ah he a h e eh , gh f cah ac h d a f b da e , a e ah he a h e eh ah h ac h f ca a a e d hg he e d.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The e ..b he and.he b he e e..ed h f eghc ehce and a de ..dem haed h f eghc ehce .f.he G a ee ed.e chahge . .A a 30 J he 2017,.he G ' de ..dem haed h f eghc ehce e e e (a eh .a a ae, RMB1,418.77 h. A e f a d e chahge ch ac .f.he G e e e..ed h 2016. A a 30 J he 2017,.he G d dm.eh e h ah, he f a d e chahge ch ac.

TAX POLICIES

Acc dhg..he .(h .f Ad h . a (e Mea e .h ega d..he Rec gh..h .f H gh and Ne Techm g, Eh e e (《高新技術企業認定管理辦法》) h , ed b, .he Mh . , .f Sc ehce and Techm g, ,.he Mh . , .f F hance and.he S a e Ad h . a h f Ta a h .f.he PRC h 14 A 2008 and.he Ad h . a (e G dance .h Rega d..he Rec gh..h .f H gh and Ne Techm g, Eh e e (《高新技術企業認定管理工作指引》) h , ed b, .he Mh . , .f Sc ehce and Techm g, ,.he Mh . , .f F hance and.he S a e Ad h . a h f Ta a h 8 J , 2008, c a h hc dhg.he O ah, and f e f. b da e, ha e, Ha bh Eec ca Machne, O ah, L .ed, Ha bh B e O ah, L .ed, Ha bh T bne O ah, L .ed, Ha bh Eec c P e E eh O ah, L .ed and HE Ha bh P e P ah Va (e O ah, L .ed e e eh.ed a 15% efe eh a hc e.a a e.

Ih ac dance .h eg a h .f.he S a e Ad h . a h f Ta a h,.he a (e age a e f .a eba e a cab e..he G ' he e .. d c ch ac 13% .h effec (e f 15 Oc be 2003.

P ah ..he I e eh a h Mea e .f.he P .(ha Reg a h .f.he PRC h Va e-added Ta (《中華人民共和國增值稅暫行條例實施細則》),.he G hc ded h.he gehe a f a e . .f.he (a e-added.a , .e ef , h ch a .he G .ded c.he (a e-added.a hc ed f .he cha e f e eh.

Unde he O h h f Ceh a G ee f he G h Pa f Ch ha and he S a e G hc h he Re a a h S a ege H ca lnd a Ba e f he N hea Reg h (《中共中央、國務院關於實施東北地區等老工業基地振興戰略的若干意見》), he G ch e a a h h ca nd a ba e f he hea eg h .

STAFF

A a 30 J he 2017, he e ee f he G aed a 16,278 and he a e he a h a hed RMB729.91 h.

INTERIM DIVIDEND

The B a d e h ec ehnd he a eh f ah h e d dend he h h ehded 30 J he 2017.

PROSPECTS

Ih 2017, he ec e f g ba ec h e ha ed h, h e he ec h c de e eh h Ch ha abe h a ace h e ec. H e e, e ce d c h ca ac, and he d e a h de and c e e. The c a e h he - de ha eh e ed h a ea f h-de b de e eh. Ih he nd , h he h h and h-de h e eh a h f ha ha ce ch a he Th ee A a , he a e a e ah gg h, h ch ha e a a e a ac h he de e eh f e gehe a h e eh eh e e. A hg he a b he eg eh f he G , he a e eg eh h b ed a a e, 41% and 64% f he ea hg he e and ea hg g f, e ec e. l e ec ed ha he gh f cah dec he h de and h a e a. e ha e a e a ad e e ac h he ea hg e f he G .

The ¡ea 2017 ¯he · e¡ ¯ e ¯he e ¯ and¯ ah ¯ a ¯ h ¯ f¯he G ¯ , ¯ c ca ¯ ¯he e eh a ¯ h ¯ f ¯ ¯ a egc ahh ng, and a¡ ng¯he ¯ hda ¯ h ¯ ¯ f¯ e de e ¯ eh. W¯ h¯ he e eh a ¯ h ¯ f he ¯ c e , he b he ac ce and he b he ¯ de ch a Ohe Be¯ Ohe R ad , Ch na Mah fac ng 2025 and Ih e he ± , he ¯ h nd ¯ a e ¯ h ¯ h ¯ cc , b hg hg he de e ¯ eh ¯ ¯ h¯ ¯ he G ¯ . W¯ h¯ he ¯ b ec e ¯ f ¯ a¯ hg¯ ec nd b he and e hhg ¯ he ¯ e , he G ¯ ed ¯ hg a he eh h eh ¯ a hab e and hea h de e ¯ eh b¡ gea hg aga h¯ ¯ he ece ¯ h ba ed ¯ h¯ he 13 h F e-Yea Pa , ¯ c hg ¯ h nd ¯ a de e ¯ eh , ¯ a¯ hg he hde¯ a hg, d hg ¯ h h ¯ a ¯ h, h eh f¡ ng e ¯ , fac ¯ a hg a ¯ nd¯ ah ¯ a ¯ h and g ad hg, and d c hhg¯ he eh e e.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARE CAPITAL

A a 30 J he 2017, ¯ he ¯ a h be ¯ f ed ha e ¯ f¯ he O ah¡ a 1,376,806,000 ha e , h ch hc ded 701,235,000 ¯ a e ¯ hed e ¯ , h e e¯ ha e and 675,571,000 H ha e . The h e e¯ and h ¯ ¯ ¯ h f ha eh de h dhg 5% ¯ e ¯ f¯ he ed ha e ca ¯ a ¯ f e e ah ca ¯ f ha e ¯ f¯ he O ah¡ , h ch e e e ed ¯ be ec ded hde¯ he eg ¯ e ¯ f h e e¯ and h ¯ ¯ h · e¯ b¡ ¯ he O ah¡ ah ¯ Sec ¯ h 336 ¯ f¯ he Sec ¯ e and F¯ e O dhance (he SFO), a e e ¯ ¯ a ¯ ¯ :

L hg ¯ ¯ h h¯ he ha e ¯ f¯ he O ah¡ :

Name of shareholders	Class of shares	Number of shares	Capacity	Percentage to underlying share capital	Percentage to total share capital
Ha bh Eec c O ¯ a¯ h	S a e ¯ hed ega e ¯ h ha e	701,235,000	Behef c a ¯ he	100%	50.93%

Sa(e a d c- ed ab- (e, a a 30 J he 2017, he G ah, d d h- ece(e ah, h- fca- h ab- -- he h e e- - h- - h h ha e - hde , hg ha e - f he G ah, , h ch a e e ed- be eh e ed h he eg e ah - Sec- h 336- f he SFO.

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

A a 30 J he 2017, h- he- f he D ec- , S e(- and eh- ahage eh- f he G ah, and he a c a e had ah, h e e- and h- - h h he ha e - f he G ah, - ah, f a c a ed e - a h (h h he eah hg- f Pa- XV- f he Sec e and F e O dhance).

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT COMPLIANCE

A a 30 J he 2017, he G ah, had ad- ed he M- de G de- Sec e Tah ac- h b D ec- - f L ed I e e- h A end 10- f he L hg R e a e de- f- nd c- ec e ah ac- h b D ec- . The G ah, , ha(hg ade eh , , hf ha a D ec- ha(e e ed h he - (- h - f he M- de G de- Sec e Tah ac- h b D ec- - f L ed I e h- gh -- he e- d.

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

D hg he - h h ended 30 J he 2017, he he he G ah, h- ah, - f b da e cha ed, - d- edee ed ah, - f he G ah, ' ed ec e .

CONTINGENT LIABILITIES

As at 30 June 2017, the guarantees provided by the Group and the guarantees between the Group and its associates amounted to RMB2,242.88 million in aggregate. The maximum exposure of the Group in respect of the financial guarantees provided by the Group had not been recognised in the financial statements. Pursuant to Note VIII(2) to the unaudited interim financial statements.

PLEDGE OF ASSETS

As at 30 June 2017, the Group pledged assets of RMB123.90 million (as at 30 June 2016: RMB116.15 million) to secure bank facilities.

CORPORATE GOVERNANCE CODE

The Group has complied with the applicable code provisions set out in the Corporate Governance Code and

SHAREHOLDERS' MEETING

The 2016 annual general meeting of the Company will be held in Harbin, PRC on 26 May 2017, the notice of which has been published on the websites of Hong Kong Stock Exchange and the Company.

OTHER DISCLOSEABLE INFORMATION

As at 30 June 2017, the Company did not have any outstanding disclosure obligations under Rule 40.3(a) to (f) under Chapter 16 of the Listing Rules.

DOCUMENTS AVAILABLE FOR INSPECTION

The Articles of Association of the Company and the register of members and the register of interests in shares and short positions of substantial shareholders of the Company as at 30 June 2017 are available for inspection at the headquarters of the Company at 1399 Changjiang Road, Nangang District, Harbin, the PRC.

By Order of the Board
Si Ze-fu
Chairman

Harbin, PRC, 11 August 2017

As at the date of this report, the executive directors of the Company are Mr. Si Ze-fu, Mr. Wei Hong-an and Mr. Zhang Yong-sheng; and the independent non-executive directors of the Company are Mr. Liu Deng-qing, Mr. Yu Wen-hui, Mr. Huang Jian-an and Mr. Zhang Hong-wei.

REVIEW REPORT

PCPAR [2017] N . ZG12113

To the Shareholders of Harbin Electric Company Limited

We ha e e ed he ac ah hg f hanc a ae eh f Ha b n E ec c C ah L ed (He ea e efe a HEC), h ch e he h da ed ba ance hee f he ah a 30 J he 2017, and he h da ed he e ae eh f he ah , he h da ed ca h f ae eh f he ah and h da ed ae eh f change h he ' e , f he ea heh ended, and he e he f hanc a ae eh . P e a h and fa e eh a h f he e f hanc a ae eh he e h b , f ahage eh f HEC. O e h b , e e e ba ed h he e eh a h f e e . .

We nd c ed e e h ac dance h Ch he e Ce fed P b c Ac h ah e e hg S anda d N . 2101. Th e anda d e e ha e an and e f he e e b ah ea habe a ance he he f hanc a ae eh a e fee f a e a ae eh . Re e e h hg ab he aff and e eh hg f hanc a da a aha a g a , he e e f a ance e ded e ah he a d . We dd e f a d , and he e e d e e ah a d h.

Ba ed h e e , edd e ce ah a e h ch ca e be e e ha he f hanc a ae eh e a ed h ac dance h Ih e ha ha Ac h hg S anda d , fa e fa , ef ec he h da ed f hanc a a h h, he h da ed e f ea h and ca h f f he e e ed h h a ae a e ec .

BDO China Shu Lun Pan Certified Public Accountants LLP.

Certified Public Accountant of China:

Certified Public Accountant of China:

Shangha , Ch na

Da e: 10 A g 2017

CONSOLIDATION BALANCE SHEET

Made b : Ha b h E ec c G ah L ed *M he a h : RMB YUAN*

Items	Ne	30 June 2017	31 Dece be 2016
Current assets:			
Ca h and bah		**15,006,745,131.45**	18,089,913,079.54
△Se e eh e e e		**–**	.
△D e f bah and he fhanc a h		**–**	.
Fhanc a a e a fa a e h gh f and		**–**	.
De a e a e		**–**	.
Ne ece ab e	*V.(I)*	**2,210,410,299.85**	3,806,467,011.80
Ace h ece ab e	*V.(III)*	**10,784,506,636.89**	10,060,235,974.92
Ad ance ad	*V.(IIII)*	**6,381,361,635.44**	6,037,338,085.19
△P e ece ab e		**–**	.
△Reh ance e ece ab e		**–**	.
△Re e e ece ab e eh ance		**–**	.
Ine e ece ab e		**8,644,923.72**	2,295,674.89
D dend ece ab e		**241,249.61**	241,249.61
Qhe ece ab e	*V.(IV)*	**1,107,220,182.04**	1,058,989,580.38
△Sec e cha ed hde ag ee eh e e		**–**	.
Inehe		**16,757,589,952.75**	16,424,268,723.05
Inc dng: Ra a e a		**3,541,551,193.33**	3,146,035,799.07
Me chand e he e (fh hed g d)		**419,016,062.39**	417,571,154.64
He d - a ea a e		**–**	.
C eh f h-c eh a e		**–**	.
Qhe c eh a e	*V.(V)*	**3,321,647,141.01**	2,138,487,236.92
Total current assets		**55,578,367,152.76**	57,618,236,616.30

CONSOLIDATION BALANCE SHEET (CONTINUED)

Items	Note	30 June 2017	31 December 2016
Non-current assets:			
Cash and cash equivalents		**214,055.93**	6,551,087.18
Available-for-sale financial assets		**90,595,000.00**	90,595,000.00
Held-to-maturity investments		**–**	–
Long-term receivables		**4,566,445.72**	4,566,613.71
Long-term equity investments		**201,487,889.54**	214,352,573.92
Investment properties	V.(VI)	**27,623,875.08**	27,972,824.42
Fixed assets	V.(VI)	**13,240,877,922.29**	12,802,272,968.29
Less: accumulated depreciation		**7,279,834,544.85**	6,952,523,075.51
Fixed assets net value		**5,961,043,377.44**	5,849,749,892.78
Less: provision for impairment of fixed assets		**19,348,702.52**	20,074,908.71
Fixed assets-net value		**5,941,694,674.92**	5,829,674,984.07
Construction in progress	V.(VI)	**1,004,629,335.05**	835,008,401.64
Construction materials		**14,445,041.71**	835,204.92
Fixed assets pending disposal		**–**	–
Productive biological assets		**–**	–
Oil and gas assets		**–**	–
Intangible assets	V.(VI)	**708,440,679.05**	650,245,362.23
Development expenditure		**234,757,248.98**	197,203,075.79
Goodwill		**–**	–
Long-term deferred expenses		**36,589,380.44**	40,892,704.71
Deferred tax assets		**363,117,191.26**	351,373,269.10
Other non-current assets			
Including: Abnormal loss to be disposed		**–**	–
Total non-current assets		**8,628,160,817.68**	8,249,271,101.69
Total assets		**64,206,527,970.44**	65,867,507,717.99

CONSOLIDATION BALANCE SHEET (CONTINUED)

Items	Note	30 June 2017	31 December 2016
Current liabilities:			
Short-term borrowing	V.(VII)	**2,918,008,542.78**	2,089,338,408.88
△Borrowing from central bank		**–**	–
△Deposit and accepted deposit from banking industry		**1,741,463,971.15**	2,674,062,146.65
△Placement from bank and other banking financial institution		**–**	–
Financial liability at fair value through profit and loss		**–**	–
Derivative liability		**–**	–
Note payable	V.(VIII)	**5,460,372,106.92**	6,093,183,408.50
Account payable	V.(IX)	**14,556,419,354.69**	12,234,254,358.75
Advance from customer		**19,839,992,895.37**	22,703,536,765.04
△Security brokerage and agency payable		**–**	–
△Fee and commission payable		**–**	–
Employee benefit payable		**200,703,527.51**	184,279,812.72
Including: Salary payable		**358,313.58**	471,789.44
Welfare benefit payable		**11,467,995.70**	–
Including: Employee benefit and welfare fund		**–**	–
Tax and charge payable		**-117,945,096.37**	367,490,729.90
Including: Tax and charge payable of consolidation		**-123,636,848.33**	345,874,898.24
Interest payable		**92,649,867.58**	136,755,117.01
Dividend payable		**46,216,305.20**	6,936,931.73
Other payable		**306,618,024.09**	307,070,933.98
△Reinsurance premium payable		**–**	–
△Receipt for insurance contract		**–**	–
△Security brokerage		**–**	–
△Security underwriting		**–**	–
Held-for-sale liability		**–**	–
Current portion of non-current liability	V.(XI)	**2,998,830,000.00**	–
Other current liability	V.(X)	**134,893.80**	134,893.80
Total current liabilities		**48,043,464,392.72**	46,797,043,506.96

CONSOLIDATION BALANCE SHEET (CONTINUED)

Items	Note	30 June 2017	31 December 2016
Non-current liabilities:			
Long-term borrowings		–	
Bonds payable	V.(XI)	–	2,997,952,500.00
Long-term payables		1,000,000.00	1,000,000.00
Long-term employee benefits payable		72,394,718.75	80,192,909.50
Fees and commissions payable		505,919,894.29	485,919,894.29
Provisions		659,864,218.78	689,345,509.25
Deferred income		171,676,405.85	173,638,642.51
Deferred payables		–	
Other non-current liabilities		–	
Including: Appropriations of general reserve		–	
Total non-current liabilities		1,410,855,237.67	4,428,049,455.55
Total liabilities		49,454,319,630.39	51,225,092,962.51

CONSOLIDATION BALANCE SHEET (CONTINUED)

Items	Note	30 June 2017	31 December 2016
Equity:			
Paid-in capital	V.(XIII)	**1,376,806,000.00**	1,376,806,000.00
Share premium		**701,235,000.00**	701,235,000.00
Including: State-owned legal person's capital		**701,235,000.00**	701,235,000.00
Collective enterprise capital		**–**	–
Preferred shares		**–**	–
Including: Individual capital		**–**	–
Foreign capital		**675,571,000.00**	675,571,000.00
Less: treasury stock		**–**	–
Paid-in capital-net amount		**1,376,806,000.00**	1,376,806,000.00
Other equity		**–**	–
Including: Preferred stock		**–**	–
Perpetual debt		**–**	–
Capital reserve		**2,764,208,480.41**	2,764,208,480.41
Less: stock shares		**–**	–
Other comprehensive income		**-6,485,187.17**	-6,938,794.70
Including: Foreign currency translation reserve		**1,758,777.27**	3,417,340.36
Specific reserve		**20,436,600.42**	15,801,148.88
Surplus reserve		**786,529,945.86**	786,529,945.86
Including: Statutory surplus reserve		**786,529,945.86**	786,529,945.86
Discretionary surplus reserve		**–**	–
Reserve fund		**–**	–
Expansion fund		**–**	–
Return on investment		**–**	–
△General risk reserve		**–**	–
Retained earnings		**8,579,975,973.54**	8,496,686,529.09
Equity attributable to parent company		**13,521,471,813.06**	13,433,093,309.54
Minority interests		**1,230,736,526.99**	1,209,321,445.94
Total owner's equity		**14,752,208,340.05**	14,642,414,755.48
Total liabilities and owner's equity		**64,206,527,970.44**	65,867,507,717.99

Corporate representative: Chief Accountant: Accounting Supervisor:

CONSOLIDATION INCOME STATEMENTS

Made by: Harbin Electric Co., Ltd. — Unit: RMB YUAN

Items	Note	January to June 2017	January to June 2016
1. Revenue		**16,976,905,559.55**	14,975,830,143.82
Including: Operating income	V.(XIV)	**16,778,045,409.53**	14,794,245,118.85
△Interest income		**198,855,999.08**	181,554,669.03
△Premiums earned		**–**	–
△Fee and commission income		**4,150.94**	30,355.94
2. Total cost		**16,706,670,462.24**	14,764,243,090.19
Including: Operating cost		**14,668,840,254.36**	13,007,447,060.66
△Interest expenses		**12,918,952.95**	6,886,583.21
△Fee and commission expenses		**8,393.88**	13,019.55
△Cash surrender value		**–**	–
△Net expenses for compensation		**–**	–
△Net amount withdrawn from insurance contract reserve		**–**	–
△Policy dividend expenses		**–**	–
△Reinsurance expenses		**–**	–
Business taxes and surcharges		**76,606,057.62**	49,440,161.95
Selling expenses		**246,380,167.72**	262,557,267.69
Administrative expenses	V.(XV)	**935,418,967.16**	948,901,640.62
Including: Research and development expenses		**111,637,505.77**	113,016,852.75
Finance expenses		**168,742,077.55**	83,384,749.24
Including: Interest expenses		**116,904,853.63**	118,905,690.12
Interest income		**21,616,412.94**	29,316,237.76
Net foreign exchange gain (loss is listed with "-")		**58,995,702.41**	-21,066,590.14
Impairment loss	V.(XVI)	**597,755,591.00**	405,612,607.27
Other expenses		**–**	–
Add: Gain from fair value change (loss is listed with "-")		**-2,484,906.61**	80,871,846.14
Investment income (loss is listed with "-")		**38,315,566.76**	-126,303,569.87
Including: Income from investment in associates and joint ventures		**20,089,218.32**	-11,219,150.71
△Gain from foreign exchange (loss is listed with "-")		**203.78**	–
Other income		**3,369,003.80**	–

CONSOLIDATION INCOME STATEMENTS (CONTINUED)

Items	Note	January to June 2017	January to June 2016
3. Operating profits ("-" for loss)		**309,434,965.04**	166,155,329.90
Add: Non-operating income		**11,455,710.68**	50,353,669.24
Including: Gain from disposal of non-current assets		**2,771,688.72**	2,302,160.06
Gain from exchange of non-monetary assets		**–**	–
Government grants		**6,664,120.88**	42,303,877.31
Gain from debt restructuring		**–**	–
Less: Non-operating expenses		**96,826,582.11**	-13,761,110.22
Including: Loss from disposal of non-current assets		**613,601.40**	1,323,351.95
Loss from exchange of non-monetary assets		**–**	–
Loss from debt restructuring		**–**	–
4. Profit before tax ("-" for loss)		**224,064,093.61**	230,270,109.36
Less: Income tax		**75,966,190.39**	114,320,805.08
5. Net profit ("-" for net loss)		**148,097,903.22**	115,949,304.28
Net profit attributable to owners of the parent company		**124,593,624.45**	130,337,132.51
Profit/loss attributable to non-controlling shareholders		**23,504,278.77**	-14,387,828.23

CONSOLIDATION INCOME STATEMENTS (CONTINUED)

Items	Note	January to June 2017	January to June 2016
6. Other comprehensive income after tax		**453,607.53**	117,938,670.28
(1) Other comprehensive income that cannot be reclassified as profit or loss		–	
Including: 1. Change in the remeasurement of defined benefit plan		–	
2. Proportion of other comprehensive income that cannot be reclassified as profit or loss under the equity method		–	
(2) Other comprehensive income that will be reclassified as profit or loss		**453,607.53**	117,938,670.28
Including: 1. Proportion of other comprehensive income that will be reclassified as profit or loss under the equity method		–	
2. Gain or loss from change in fair value of available-for-sale financial assets		–	
3. Gain or loss from reclassification of held-to-maturity investments into available-for-sale financial assets		–	
4. Gain or loss from effective portion of cash flow hedging		**2,112,170.62**	117,801,074.40
5. Other comprehensive income attributable to the parent company		**-1,658,563.09**	137,595.88
7. Total comprehensive income		**148,551,510.75**	233,887,974.56
Total comprehensive income attributable to the parent company		**125,047,231.98**	248,275,802.79
Total comprehensive income attributable to minority shareholders		**23,504,278.77**	-14,387,828.23
8. Earnings per share:			
Basic earnings per share	V.(XIX)	**0.09**	0.09
Diluted earnings per share	V.(XIX)	**0.09**	0.09

Other comprehensive income: Chief Accountant: Accounting Supervisor:

CONSOLIDATION CASH FLOW STATEMENT

CONSOLIDATION CASH FLOW STATEMENT (CONTINUED)

Items	Note	January to June 2017	January to June 2016
2. Cash flows from investing activities:			
Cash received from disposal of investments		**910,000,000.00**	2,380,909,369.81
Cash received from investment income		**21,728,536.46**	27,758,390.79
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		**2,311,731.06**	371,515.10
Net cash received from disposal of subsidiaries and other business units		–	164,120,875.01
Other cash received relating to investing activities		–	103,275,466.68
Total cash inflows from investing activities		**934,040,267.52**	2,676,435,617.39
Cash paid to acquire fixed assets, intangible assets and other long-term assets		**579,820,899.94**	425,972,867.91
△Cash paid to acquire investments		**2,100,000,000.00**	1,770,115,643.84
Net increase in pledged loans		–	
Net cash paid to acquire subsidiaries and other business units		–	
Other cash paid relating to investing activities			205,606,424.36
Total cash outflows from investing activities		**2,679,820,899.94**	2,401,694,936.11
Net cash flows from investing activities		**-1,745,780,632.42**	274,740,681.28

CONSOLIDATION CASH FLOW STATEMENT (CONTINUED)

Items	Note	January to June 2017	January to June 2016
3. Cash flows from financing activities:			
Cash received from investors		–	20,000,000.00
Including: Cash received by subsidiaries from minority shareholders		–	20,000,000.00
Cash received from borrowings		863,900,000.00	91,360,000.00
△Cash received from bond issue		–	
Other cash received relating to financing activities		36,453.39	150,006,738.18
Total cash inflows from financing activities		**863,936,453.39**	261,366,738.18
Cash repayments of debts		15,229,866.10	736,766,366.38
Cash payments for distribution of dividends, profits and interest expenses		177,329,265.88	186,511,568.31
Including: Dividends and profits paid by subsidiaries to minority shareholders		–	
Other cash payments relating to financing activities		2,136.92	-4,898,184.16
Total cash outflows from financing activities		**192,561,268.90**	918,379,750.53
Net cash flows from financing activities		**671,375,184.49**	-657,013,012.35
4. Effect of foreign exchange rate changes on cash and cash equivalents		**-48,368,137.26**	10,505,915.64
5. Net increase in cash and cash equivalents		**-2,978,316,541.27**	-2,666,698,165.40
Add: Beginning balance of cash and cash equivalents		**17,204,139,648.41**	17,178,496,464.76
6. Ending balance of cash and cash equivalents		**14,225,823,107.14**	14,511,798,299.36

Person in charge: Chief Accountant: Accounting Supervisor:

CONSOLIDATION STATEMENTS OF CHANGES IN EQUITY

Made by: Hubei Energy Group Co., Ltd. Unaudited Unit: RMB YUAN

Items	January to June 2017												
	Equity attributable to parent company												
	Paid-in capital	Other equity instruments	Capital reserve	Less: treasury shares	Other comprehensive income	Specialised reserve	Surplus reserve	△General risk provision	Retained earnings	Others	Subtotal	Minority interests	Total owner's equity
1. Ending balance of last year	1,376,806,000.00	-	2,764,208,480.41	-	-6,938,794.70	15,801,148.88	786,529,945.86	-	8,496,686,529.09	-	13,433,093,309.54	1,209,321,445.94	14,642,414,755.48
Add: Increase/decrease of change in accounting policy	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase/decrease of error correction in previous period	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Beginning balance of current year	1,376,806,000.00	-	2,764,208,480.41	-	-6,938,794.70	15,801,148.88	786,529,945.86	-	8,496,686,529.09	-	13,433,093,309.54	1,209,321,445.94	14,642,414,755.48
3. Increase/decrease for current year ("-" for decrease)	-	-	-	-	453,607.53	4,635,451.54	-	-	83,289,444.45	-	88,378,503.52	21,415,081.05	109,793,584.57
(1) Total comprehensive income	-	-	-	-	453,607.53	-	-	-	124,593,624.45	-	125,047,231.98	23,594,278.77	148,551,510.75
(2) Owner's contributions and withdrawals of capital	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Ordinary shares contributed by shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Capital contributed by holders of other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Share-based payment recognized in owner's equity	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Other	-	-	-	-	-	-	-	-	-	-	-	-	-
(3) Accrual and utilisation of specialised reserve	-	-	-	-	-	4,635,451.54	-	-	-	-	4,635,451.54	372,753.63	5,008,205.17
1. Accrual of specialised reserve	-	-	-	-	-	11,493,647.86	-	-	-	-	11,493,647.86	1,699,469.00	13,193,116.86
2. Utilisation of specialised reserve	-	-	-	-	-	-6,858,196.32	-	-	-	-	-6,858,196.32	-1,326,715.37	-8,184,911.69

CONSOLIDATION STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

	January to June 2017												
	Equity attributable to parent company												
Items	Paid-in capital	Other equity instruments	Capital reserve	Less: treasury shares	Other comprehensive income	Specialised reserve	Surplus reserve	△General risk provision	Retained earnings	Others	Subtotal	Minority interests	Total owner's equity
(4) Profits distribution	-	-	-	-	-	-	-	-	-41,304,180.00		-41,304,180.00	-2,461,951.35	-43,766,131.35
1. A ^ ge^h^f e e/e	-	-	-	-	-	-	-	-	-	-	-	-	-
Inc dng S a ^ , e e/e	-	-	-	-	-	-	-	-	-	-	-	-	-
D ce^ha e e/e	-	-	-	-	-	-	-	-	-	-	-	-	-
Re e/e f nd	-	-	-	-	-	-	-	-	-	-	-	-	-
Q ^ ge de/e^ e% f nd	-	-	-	-	-	-	-	-	-	-	-	-	-
Re ^e/f k/e_ e%	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Acc a^f gee a e e/e	-	-	-	-	-	-	-	-	-	-	-	-	-
3. D_ b_^h_^^ he/ ha e^ de	-	-	-	-	-	-	-	-	-41,304,180.00	-	-41,304,180.00	-2,461,951.35	-43,766,131.35
4. Q he	-	-	-	-	-	-	-	-	-	-	-	-	-
(5) Transfer within owner's equity	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Ca _a e e/e _ ^e/e ed^ ed-h ca _a	-	-	-	-	-	-	-	-	-	-	-	-	-
2. S e e/e _ ^e/e ed^ ed-h ca _a	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Re^f^ ^ b e e/e	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Change h e ea e e% f defined benef^ e ^ b ga^h /a e	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Q he	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Ending balance of current year	1,376,806,000.00	-	2,764,208,460.41	-	-6,485,167.17	20,406,600.42	786,529,945.86	-	8,579,975,973.54	-	13,521,471,813.06	1,230,736,526.99	14,752,208,340.05

G ^ a e e e eh a /e: Ch ef Ac e h ah : Ac e h hg S e/ ^ :

CONSOLIDATION STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

Made b : Ha b h E ec c G ah L ed *M he a h : RMB YUAN*

Jan a J ne 2016

CONSOLIDATION STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

	Jan a_ Jne 2016													
	E_ u_ b_ abe_ a ae_ e ah_													
le	Pad-h ca_a	Qhe e_ h_ e_	Ca_a e e e	Le :_ ea_ _ e ehen e he e	Qhe e Sec a ed e e e	S_ e e e	ΔQeke a_ _ A A h	Re aked ea ng	Qhe	S_ a	Mne_ _ h e e_	Ta_a he' e_

NOTES TO THE FINANCIAL STATEMENTS

F _he¡ ea ehded h 30 J he 2017
(Uh e _he e _a ed, a a h a e dek ha ed h Reh hb)

I. INFORMATION ABOUT THE COMPANY

(I) G ah¡ f e

Ha bh E ec c G ah¡ L ed (he G ah¡) a h a¡ and a f ed h gh he e c hg f Ha bh E ec c G a h (HE G a h) and h ee aff a e : Ha bh E ec ca Mach he¡ W . , Ha bh B e W . and Ha bh T bhe W . (he h ee a e fac e). The G ah¡ a e ab hed h Ha bh h 6 Oc be 1994. The ec h c h and hg f ha e h H hg K hg h ed ab e ha beeh a ed b¡ he S a e G h f Re c hg he Ec h c S¡ e h 5 N e be 1994.

Pa eh and a e G h e f he G ah¡ : Ha bh E ec c G a h

The G ah¡ ehgaged h ah fac hg f e gehe a and gehe a h , hc a b he e a e d c h and a e f e gehe a and h e¡ G h c h f e a h ec .

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

(I) Ba f e a a h

Ba ed h g hg ce h and ac a _ ah ac h and e eh , he ah e a ed f hanc a _a e eh h ace dance _h he ba c and ec f c _anda d f he Ace h hg S anda d B he Eh e e , and e e ah eg a h ed b _he Mh _ f F hance (he e haf e ec e , efe ed a CAS), and he d c e e e eh h he P e a a h h eh h f lh a h D c e b ah e Offe hg Sec _e _he P b c N .15 Gehe a P h h F hanc a Re _hg (e ed h 2014) ed b _he Ch na Sec _e Reg a , h, and H hg K hg S c E change' R e e h hg he L _ g f Sec _e and he H hg K hg ah e O dhance.

(II) hg ce h

F he e _hg e d and a ea _ 12 h h nce he end f he e _hg e d, he ah ' d c h and e a h a ab e h ea h abe a e and ab _ c e, he e e _ ha ab _ ce h h e a g hg ce h and he e' h gh f cah affec hg ab _ ce h h e a g hg ce h.

III. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES

The hg d c e e e he ecfc ace h hg c e and ace h hg e a e ed b he ah, ace dhg he cha ae c f d c h and ea h.

A hg he he ace h hg c, bad deb f ade ece abe :

1. Ace h ece abe ha a e hd d a, ghfcah and bec e a ae h lhd d a, ghfcah ace h ece abe:

   Ba e a hg dge eh and ahda d ca c a h hea h f he ace h ece abe ha a e hd d a, ghfcah The a h face h ece abe f e hah RMB30 h (hc dhg RMB30 h) and he ece abe f e hah RMB10 h (hc dhg RMB10 h) a e ec gh ed a ace h ece abe ha a e hd d a, ghfcah.

   Rec gh h f ece abe ha h ha a e hd d a, ghfcah and bec e a aea e eh h bad deb The ah, a e e hd d a, ghfcah ece abe a eh h hd d a ba , fhahca a e hch h a ed h hd d a ba be a e ed a eh ec e, ha f ffhahca a e hch ha e a ced . cha ae c . ece abe ha a e hd d a, a ed, he ece abe h be a e ed a eh ec e, ha f ffhahca a e hch ha e a ced . cha ae c .

III. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES (CONTINUED)

2. Acc [illegible] h ece [illegible] ab e [illegible] ha [illegible] a e b ec [illegible] [illegible] [illegible] h b [illegible] g [illegible] ba ed [illegible] h [illegible] he c ed [illegible] · cha ac [illegible] e [illegible] c :

Recognition of receivables that are subject to provision by groups based on the credit risk characteristics

Agng G [illegible]	E ce [illegible] he ece [illegible] ab e [illegible] h e a [illegible] a e a eh [illegible] [illegible] h, [illegible] he G [illegible] ah [illegible] ec gh e [illegible] he g [illegible] f ece [illegible] ab e ca fed b [illegible] ec f c ced [illegible] · [illegible] he c eh [illegible] ea ac [illegible] d hg [illegible] ac [illegible] a [illegible] a [illegible] f [illegible] he a e [illegible] a g [illegible] f ece [illegible] ab e ca fed b [illegible] agng g [illegible] [illegible] h a c ed [illegible] · cha ac [illegible] e [illegible] c a e a [illegible] he e [illegible] a hg [illegible] nd [illegible] h, and [illegible] he [illegible] h [illegible] bad deb [illegible] a e ea ed h ac [illegible] dance [illegible] h [illegible] he a [illegible] f [illegible] he [illegible] [illegible] hg [illegible] ab e.

III. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES (CONTINUED)

2. Ac h ece (ab e ha a e b ec (h b g ba ed h he c ed . cha ac e c : (h h ed)

Whe e ag hg aha e k d ed f (h f bad deb f g :

Aging	Provision ratios for accounts Receivable (%)	Provision ratios for other Receivables (%)
W hh 1 ea (hc dhg 1 ea)	0 5	0 5
1 2 ea	5 25	5 25
2 3 ea	50	50
3 4 ea	80	80
4 5 ea	80	80
O e 5 ea	100	100

The ah d e h a e (h f bad deb f eh h h he .

III. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES (CONTINUED)

3. Ach ece abe hchae hd d a h ghfcah b bec e aae bad deb :

F hd d a h ghfcah ach ece abe h heh g chaae c, fhee b ec e ee dehce ha he ece abe ae ed, be b ec e aae a eh e. The a eh and he h f bad deb aedee hed ba ed h he a h f he e eh a e f he f ecahf e ec ed be de ed f he ece abe be he ca , hga h:

Ach ece abeh f ded f bad deb:

A. Ach ece abe be eeh eaed a e .

B. F gah a h ch a he e eh de a eh f he ee ah hd , hd , a ca h, ach ece abe h g a aheeand de a ha e. F h e ha de a eh f eh e e hc ed b e hge a ee f he a eahg f b he , ach ece abe h h g and e e e ha e. E ce he e e dehce f a eh, h f h f a eh e ed f he ab e ach ece abe.

(I) Sae eh f ahce f ach h hg ahda d f b he eh e e

The fhanc a aae eh ha e beeh e aed b he Ch ah h h f , h he Chha Ach hg Sahda d f B he Eh e e , and e eh , and e e e, he Ch ah ' fhanc a h, eahg e and ca h f and he eaed h f a h h he e hg e d.

III. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES (CONTINUED)

(II) Ac ̄ h hg e ̄ d

The ac ̄ h hg e ̄ d ̄ f ̄ he ̄ ah¸ f ̄ 1 Jah a¸ ̄ 31 Dece be ̄ f each ca ehda¸ ea .

(III) O e a hg C¸ ce

The G ̄ ' ̄ e a hg c¸ ce 12 ̄ h h .

(IV) Re ̄ ̄ hg c ehc¸

The e ̄ ̄ hg c ehc¸ ̄ f ̄ he ̄ ah¸ Reh hb (RMB).

(V) Mea e eh hc e

Uh e ̄ he f hahc a h ̄ eh a e ea ed a fa (a e, ̄ he ̄ h ̄ da ed f hahc a ̄ a e eh a e ea ed b¸ h ̄ ca ̄ ̄ eh ̄ d.

III. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES (CONTINUED)

(VI) Significant changes in accounting policies and accounting estimates

1. Significant accounting policy changes

The Ministry of Finance revised the Accounting Standard for Business Enterprises No. 42 – Non-current Assets Held for Sale, Disposal Groups and Termination of Operations in May 2017, effective from 28 May 2017. For non-current assets or disposal groups that are classified as held for sale or are terminated in 28 May 2017, the Company has adopted the revised standard.

The Ministry of Finance revised the Accounting Standard for Business Enterprises No. 16 – Government Grants in 2017. The revised standard became effective on 12 June 2017. For government grants newly granted from 1 January 2017 to 12 June 2017, and existing government grants as at 1 January 2017 but newly added or revised from 12 June 2017, the Company has adopted the revised standard.

III. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES (CONTINUED)

(VI) Sgh f cah chahge h ach h hg c e ahd ach h hg e _ a e (Ch h ed)

1. Sgh f cah ach h hg c, chahge (Ch h ed)

The ah ac f e eh hg_he ab e_ c_e a a e a f :

The content and reasons of accounting policy changes	Affected report item name and amount
(1) Ih_he hc e _a e eh, a ea hg f_ a f ch h hg ea h ahd ea hg f_ a f_e ha h _ed e ec e,	L _ed h_he f_ a f ch h hg ea h a h f 0.00, ah; _ed ea hg f_ a f _e ha h_h , ea ,_he a h f 0.00, ah.
(2) Pa_ f_he a e ea ed g e eh eh b de, ff e_hg_he b . a e f_he ee ah a e	F ed a e : 0.00, ah dec ea ed.
(3) Pa_ f_he e eh e- ea ed g e h eh b de, ff e_he ee ah c _	Mahage eh c _ : 0.00 , ah dec ea ed.
(4) G e h eh gah ea ed_ he da , ac e_ e f_he G ah, a e hc ded h_ he hc e ahd a e h_ hc ded h h h ea hg hc e	Q he hc e: 3,369,003.80, ah hc ea ed.

III. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES (CONTINUED)

(VI) S gh f cah chahge h ace [illegible] h hg [illegible] c e ahd ace [illegible] h hg e [illegible] a e (C [illegible] h h ed)

2. S gh f cah ace [illegible] h hg e [illegible] a e chahge

N [illegible] he.

IV. TAXATION

(I) Ma h [illegible] e [illegible] f [illegible] a e ahd [illegible] e [illegible] hdhg a e

Tax Type	Tax basis	Tax rate
Va e-added Ta	O [illegible] VAT ca c a ed [illegible] h [illegible] d c ae ahd [illegible] a abe e [illegible] ce e [illegible] eh e, ba ed [illegible] h [illegible] a a . The e ah hg ba ahce [illegible] f [illegible] VAT, af e h ac hg [illegible] he ded c b e h [illegible] VAT [illegible] f he e [illegible] d, VAT a ab e	6%、17%
C [illegible] ah ehahce ahd [illegible] h [illegible] c [illegible] h ahd ae [illegible] a [illegible] a	Ba ed [illegible] h b he [illegible] a a d, VAT	7%
Eh e e he [illegible] e [illegible] a	Ba ed [illegible] h [illegible] a abe [illegible] f [illegible]	15%、25%

IV. TAXATION (CONTINUED)(II) Ta P efe ehceUhde he EIT La , h gh a

V. NOTES TO KEY ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS

(I) N_e ece(ab e

1. Ca fed b, _, e f h_e ece(ab e

Items	30 June 2017	31 Dece be 2016
Bah		
	1,861,731,373.40	3,273,397,093.42
	348,678,926.45	533,069,918.38
Ta	2,210,410,299.85	3,806,467,011.80

E aha h: a f 30 J he 2017, _he ehd hg ba ahce f h_e ece(ab e e e _hh a, ea .

(II) Ac h ece(ab e

1. D c e b, _, e f ac h ece(ab e

Type	30 June 2017					31 Dece be 2016				
	Remaining carrying amount		Provision for bad debt			Re ah hg ca, hg a h		Pf h bad deb		
	Amount	Ratio (%)	Amount	Provided Ratio (%)	Carrying Value	A h	Ra (%)	A h	Pded Ra (%)	Ca, hg Va e
Ac h ece(ab e hcha e kd(d a, gh fca, kd f ded h bad deb e aa e,	995,963,085.51	6.04	517,600,465.86	51.97	478,362,619.65	610,218,963.59	3.97	445,127,622.43	72.95	165,091,341.16
Ac h ece(ab e f ded h bad deb b, ced . cha ac e _c	15,312,264,972.99	92.93	5,096,308,982.18	33.28	10,215,955,990.81	14,624,270,379.72	95.17	4,793,300,619.20	32.78	9,830,969,760.52
Ac h ece(ab e hcha e kd(d a, h. gh fca, b_ f ded h bad deb e aa e,	168,648,420.87	1.03	78,460,394.44	46.52	90,188,026.43	131,727,172.05	0.86	67,552,298.81	51.28	64,174,873.24
Ta	16,476,876,479.37	100.00	5,692,369,842.48	/	10,784,506,636.89	15,366,216,515.36	100.00	5,305,980,540.44	/	10,060,235,974.92

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

(II) Accounts receivable (Continued)

1. Disclosure by categories of accounts receivable (Continued)

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

(II) Accounts receivable (Continued)

1. Disclosure by provision for bad debts method

In accordance with the provision for bad debts policy using the aging analysis method:

Age	30 June 2017			31 December 2016		
	Accounts receivable	Provision for bad debts	Provided ratio (%)	Accounts receivable	Provision for bad debts	Provided ratio (%)
Within 1 year	6,122,567,184.51	222,277,637.53	3.63	5,538,254,545.50	220,086,989.91	3.97
1-2 years	2,795,417,515.53	430,208,971.88	15.39	2,857,332,797.39	468,046,907.64	16.38
2-3 years	2,006,643,850.66	666,864,478.49	33.23	1,929,698,891.66	620,933,812.81	32.18
3-4 years	1,165,591,455.47	853,890,685.53	73.26	1,144,009,712.50	721,633,912.83	63.08
4-5 years	1,166,060,092.83	867,082,334.76	74.36	1,213,096,657.82	862,219,191.86	71.08
Over 5 years	2,055,984,873.99	2,055,984,873.99	100.00	1,941,877,774.85	1,900,379,804.15	97.86
Total	15,312,264,972.99	5,096,308,982.18	33.28	14,624,270,379.72	4,793,300,619.20	32.78

2. Provision for, reversal or recovery of bad debts during the year

Net reversal of provision for bad debts during the year amounted to RMB464,069,415.34.

3. Accounts receivable effectively reserved during the year

Accounts receivable effectively reserved during the year amounted to RMB77,680,113.30.

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

(III) Ad ance ad

Ad ance ad b age

Age	30 June 2017 Remaining carrying amount	Ratio (%)	31 Dece be 2016 Re ahhg ca hg a h.	Ra (%)
W. hh 1 ea	4,359,731,377.14	68.32	4,321,621,334.17	71.58
1 2 ea	937,479,788.71	14.69	859,561,287.28	14.24
2 3 ea	733,226,471.74	11.49	710,850,531.94	11.77
O e 3 ea	350,923,997.85	5.50	145,304,931.80	2.41
T. a	6,381,361,635.44	100.00	6,037,338,085.19	100.00

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

(IV) Other receivables

1. Disclosure of other receivables classified by nature:

Type	30 June 2017					31 December 2016				
	Remaining carrying amount		Provision for bad debt		Carrying Value	Remaining carrying amount		Provision for bad debt		Carrying Value
	Amount	Ratio (%)	Amount	Provided ratio (%)		Amount	Ratio (%)	Amount	Provided ratio (%)	
Other receivables which are individually significant and provided for bad debt separately	929,649,671.62	79.57	13,995,000.00	1.51	915,654,671.62	868,109,891.66	68.57	30,353,741.38	3.50	837,756,150.28
Other receivables provided for bad debt by credit characteristic	247,020,495.41	18.75								

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

(IV) Q he ece able (Ch h ed)

1. D c e f. he ece able c a fed b , e: (Ch h ed)

Q he ece able h ch a e nd d a , h. gh fcah b. ded f bad deb e aae , :

Other receivables (By Unit)	30 June 2017			
	Other receivables	Provision for bad debt	Provided ratio (%)	Reasons for provision
Re e e ec .	140,763,632.74	9,623,131.10	6.84	/
F. a	140,763,632.74	9,623,131.10	6.84	/

Ih. he . f , he ece able ded f bad deb ace dhg. agh g ahaa , aea f :

Age	30 June 2017			31 Dece be 2016		
	Other receivables	Provision for bad debt	Provided ratio (%)	Q he ece able	P ah f bad deb	P ded a (%)
W. hh 1 ea	51,953,403.74	2,597,670.20	5.00	57,519,545.37	2,875,977.27	5.00
1 2 ea	3,411,293.45	852,823.36	25.00	1,910,350.69	477,587.67	25.00
2 3 ea	169,416.58	84,708.29	50.00	198,421.00	99,210.50	50.00
3 4 ea	16,613,441.68	13,290,753.34	80.00	16,323,096.04	13,058,476.83	80.00
4 5 ea	25,517,042.57	20,413,634.05	80.00	6,785,006.70	5,428,005.36	80.00
O e 5 ea	149,355,897.39	149,355,897.39	100.00	141,410,548.79	141,410,548.78	100.00
F. a	247,020,495.41	186,595,486.63	75.54	224,146,968.59	163,349,806.41	72.88

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

(IV) Other receivables (Continued)

2. Provision, recovery and write-off of bad debts

   No provision, recovery and write-off of bad debts in the year was RMB3,160,501.87.

3. Information about other receivables that have been written off

   None.

(V) Other current assets

Items	30 June 2017	31 December 2016
Bank financial products	2,950,000,000.00	1,800,000,000.00
Entrusted loans	200,000,000.00	210,000,000.00
Input value added tax to be deducted	138,649,457.38	117,684,693.53
The Group's Tax prepayment	32,779,205.14	10,783,896.46
Other	218,478.49	18,646.93
Total	3,321,647,141.01	2,138,487,236.92

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

(VI) Change f h e eh e , f ed a e , hange a e and hge e a e

F 1 Jah a 2017 30 J he 2017, he ah ha d he ah and e eh h ch b . a e a RMB11,754,431.51

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

(VII) Sh _ e b hg (Ch h ed)

2. Sec ed b hg

Creditor	30 June 2017	31 Dece be 2016
Chehgd R a e c a Bah . L d (X hd Ta hg b ahch)	15,900,000.00	17,000,000.00
T _a	15,900,000.00	17,000,000.00

(VIII) N _e a ab e

Type	30 June 2017	31 Dece be 2016
Bah a h e	4,228,172,445.76	5,033,282,115.86
e c a h e	1,232,199,661.16	1,059,901,292.64
T _a	5,460,372,106.92	6,093,183,408.50

E aha h: a f 30 J he 2017, _he ehd hg ba ahce f _e a ab e a _h h a ea .

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

(IX) Acc h a ab e

L f acc h a ab e

Items	30 June 2017	31 Dece be 2016
W hh 1 ea	11,363,187,090.13	10,083,783,935.67
1 2 ea	2,348,597,549.69	1,241,059,335.61
2 3 ea	235,406,971.32	485,773,094.77
O e 3 ea	609,227,743.55	423,637,992.70
Ta	14,556,419,354.69	12,234,254,358.75

(X) Q he c eh ab e

Items	30 June 2017	31 Dece be 2016
Q he	134,893.80	134,893.80
Ta	134,893.80	134,893.80

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

(XI) B hd a ab e

1. *B ea h f b hd a ab e*

Items	30 June 2017	31 Dece be 2016
12 HE 01	/	2,997,952,500.00
T a	/	2,997,952,500.00

2. *Change h b hd a ab e: (e c dhg: he fhahc a h eh c a fed a fhahc a ab e , ch a P e ha e, Pe e a b hd)*

Name	Nominal value	Value date	Term	Principal amount	Opening balance	Issue during the period	Interest credited on nominal value	Amortisation of premium	Repayment during the period	Other decrease	Closing balance
12 HE 01	3,000,000,000.00	2013/3/11	5 ea	3,000,000,000.00	2,997,952,500.00		73,500,000.00	877,500.00	73,500,000.00	2,998,830,000.00	
T a	/	/	/	3,000,000,000.00	2,997,952,500.00		73,500,000.00	877,500.00	73,500,000.00	2,998,830,000.00	

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

(XI) B hd a¡ abe (Gh h ed)

2. Chahge h b hd a¡ abe: (e c dhg: _he fhahca h_ eh ca fed a fhahca ab _e , ch a Pe ha e, Pe e a b hd) (Gh h ed)

E aha h 1: Oh 18 Feb a¡ 2013, he Ch ha Sec _e Reg a ., G h ed Zheg ah . e [2013] N . 159, h h ch he b c ahce f G a e B hd f h _e ceed ng RMB4 b h b¡ he G ah¡ ha beeh a (ed. Oh 11 Ma ch 2013, he G ah¡ a hched he b c ahce f 2012 G a e B hd (F _ T ahche). The ahce a h f he B hd RMB3 b h ahd _ G h a e 4.9%. The h e e_ a¡ eh da e h d be e e¡ 11 Ma ch f 11 Ma ch 2013 11 Ma ch 2018. The G h a e f he G a e B hd ca c a ed ahh a¡ b¡ e ahh a ed h e e_ a e _h _ah¡ G hd h e e . Ih e e_ be a¡ ab e ahh a¡ , ahd hc a be e ad h a _¡ ge he _h _he h e e_ a¡ abe f he a_ e d. The c eh b hd be h¡ ahd e cab¡ g a ah eed b¡ HE G .

E aha h 2: Q he dec ea e ea h _ha _he G a e b hd e e h 11 Ma ch 2018, ec a f ed he ba ahce f b hd a¡ abe a he ehd f he e d h h-c eh ab _e d e _h h he¡ ea

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

(XII) Fhahc a ea hg

1. The f ed a e ge f fhahc a ea hg

   Nhe.

2. Ace h a ab e f fhahc a ea hg

   Nhe.

(XIII) Sha e ca _a

		Changes during the period (increase(+), decrease (-))					
Name of shareholders	31 Dece be 2016	Capital increase	Bonus share	Conversion of the accumulation funds into shares	Conversion of the undistributed profit into shares	Sub-total	30 June 2017
Ha bh Eec c G a h	701,235,000.00	/	/	/	/	/	701,235,000.00
O e ea - _ed ha e	675,571,000.00	/	/	/	/	/	675,571,000.00
a	1,376,806,000.00	/	/	/	/	/	1,376,806,000.00

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

(XIV) Ihe e ahd d h' dc eh (Gh h ed)

2. Fhahc a h a h fd h

(1) A e , ab _e ahd he e fd h

Items	Thermal power host devices	Water and electricity host devices	Plant engineering services	Power plant auxiliary and supporting products	Nuclear power products division	Ac/dc motors and others	Total
30 June 2017							
Re _abea e fd h	40,776,554,679.76	3,551,624,267.97	7,449,131,122.67	3,299,179,953.61	8,099,292,771.67	6,060,165,427.16	69,235,948,222.84
Re _abe ab _e f d h	34,388,952,764.57	2,050,928,331.65	6,573,895,069.83	2,636,112,856.07	6,343,863,043.58	4,683,653,955.20	56,677,406,020.90
January to June 2017							
Re eh e fd h							
E ehac e	6,873,286,545.93	608,525,656.18	6,725,575,156.17	751,690,250.97	794,447,,omer60,605.456,020.90		

3.0 Td(F lh0 ch/GS0 g /T1 1 Tf-0.028 T 15.065.0 Td(6,873,286,545.93)T 11.191,204,69Td64,292,7727)T4

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

(XIV) Interests in other entities (Continued)

2. Changes in the scope of consolidation (Continued)

(1) Acquisition and disposal of subsidiaries (Continued)

Item	Transportation service	Warehousing service	Port handling service	Port value-added service	Comprehensive service	Adjustments and others	Total
31 December 2016							
Revenue from external customers	38,030,404,792.05	5,979,796,389.77	7,675,231,930.97	3,320,119,102.81	7,678,373,899.76	6,643,649,020.23	69,327,575,135.59
Revenue between segments	31,926,028,088.07	3,511,695,625.85	6,841,646,490.62	2,557,255,351.24	5,999,714,106.18	5,906,267,939.92	56,742,607,601.88
January to June 2016							
Revenue from external customers	5,977,688,310.14	1,452,332,536.52	4,994,191,857.24	598,341,687.31	715,562,515.02	1,056,128,212.62	14,794,245,118.85
Interest income	690,663,228.63		100,110,091.90			2,937,044.87	793,710,365.40
Revenue between segments	6,668,351,538.77	1,452,332,536.52	5,094,301,949.14	598,341,687.31	715,562,515.02	1,059,065,257.49	15,587,955,484.25
Revenue between segments of assets	947,343,864.96	224,125,636.51	281,775,602.69	94,365,806.46	118,147,390.50	121,039,757.07	1,786,798,058.19

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

(XIV) Income and distribution (Continued)

2. Financial instruments (Continued)

(2) Assets and liabilities

Items	30 June 2017	31 December 2016
Assets		
Receivables financing	69,235,948,222.84	69,327,575,135.59
Offset with accounts in advance	-17,641,536,422.39	-19,045,066,245.01
Receivables held for sale	51,594,411,800.45	50,282,508,890.58
Deferred tax assets	363,117,191.26	351,373,269.10
Other non-current assets		
Financial assets measured by fair value and the changes are recognised in profit or loss		
Restricted and pledged bank deposits		
Derivatives	10,773,040,660.22	13,700,127,972.66
Derivatives used for hedging	755,795,504.18	784,356,734.69
Cash and cash equivalents	744.17	9,428,115.83
Unallocated assets of headoffice and other branches	720,162,070.16	739,712,735.13
Total assets	64,206,527,970.44	65,867,507,717.99
Liabilities		
Receivables liabilities	56,677,406,020.90	56,742,607,601.91
Offset with accounts in advance	-8,892,821,570.49	-8,566,004,447.68
Receivables held for sale liabilities	47,784,584,450.41	48,176,603,154.23
Tax payable	-117,945,096.37	367,490,729.90
Unallocated liabilities of headoffice and other branches	1,787,680,276.35	2,680,999,078.38
Total liabilities	49,454,319,630.39	51,225,092,962.51

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

(XIV) Income and distribution (Continued)

2. Financial instruments (Continued)

(2) Assets and liabilities at fair value (Continued)

Items	January to June 2017	January to June 2016
Revenue		
External revenue	**16,778,045,409.53**	14,794,245,118.85
Internal revenue	**1,071,156,322.45**	793,710,365.40
Total revenue	**17,849,201,731.98**	15,587,955,484.25
Reportable segment profit	**2,102,003,836.72**	1,786,798,058.19
Offset between segments	**-7,201,318.45**	
Enterprise level revenue adjustment profit	**2,109,205,155.17**	1,786,798,058.19
Long-term equity investment income recognized using the equity method	**20,089,218.32**	-7,126,120.71
Interest income	**220,472,412.02**	139,885,220.72
Changes in fair value gains	**6,664,120.88**	42,936,827.12
Financial assets measured by fair value and the changes recorded in current profit or loss	**-2,484,906.61**	80,871,846.14
Financial liabilities measured by fair value and the changes recorded in current profit or loss		
Interest expenses	**-129,823,806.58**	-144,575,998.06
Under-booked in the previous and the current	**17,707,274.8**	
Under-booked in the current for head office and the current	**-2,017,765,374.39**	-1,668,519,724.04
Total profit	**224,064,093.61**	230,270,109.36

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

(XV) Advance to suppliers

From 1 January 2016 to 30 June 2017, the ending balance of advance to suppliers was RMB935,418,967.16 (as at 31 December 2016 was RMB948,901,640.62) which mainly represents advance to subcontractors, etc.

(XVI) Loans and receivables

Items	January to June 2017	January to June 2016
Bad debts	**475,215,588.84**	421,109,757.70
Loans to employees	**122,449,138.90**	-15,497,150.43
Loans and receivables at fair value	**90,863.26**	
Total	**597,755,591.00**	405,612,607.27

Explanation: Provision for loans and receivables at fair value and the receivable amount of RMB475,215,588.84 for the current period was provided for loans and receivables at fair value and the receivable amount, which were not recovered in the current period.

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

(XVII) P f. bef e. a ahd a . a h de ec a h

Items	January to June 2017
Ne f.	148,097,903.22
Inc e. a e eh e	75,966,190.39
W. hd a hg de ec a h ff ed a e	340,708,931.95
W. hd a hg a . a h h ahg be a e	27,965,830.99
W. hd a hg hg- e ha . ede eh e	5,352,044.33
In e e. ahd h e. eh he e	-57,447,073.09
In e e. he e ffhance ah	-198,855,999.08
In e e. e eh e	116,904,853.63
In e e. e eh e ffhance ah	12,918,952.95
P f. bef e. a ahd a . a h de ec a h	471,611,635.29

(XVIII) D dehd

Items	January to June 2017	Jah a . J he 2016
D dehd f e ha e RMB0.03 a . he 2016 c hg ba ahce	41,304,180.00	
D dehd f e ha e RMB0.015 a . he 2015 c hg ba ahce		20,652,090.00
T. a	41,304,180.00	20,652,090.00

D ec d e h. gge . a ah, h e d dehd f Jah a . J he 2017 (a e e d f 2016: RMB0).

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

(XIX) Earnings per share:

	January to June 2017	January to June 2016
Shareholders of the Company	124,593,624.45	130,337,132.51
Weighted average number of ordinary shares outstanding	1,376,806,000.00	1,376,806,000.00
Earnings per share	0.09	0.09

Explanation: For the 1 January to 30 June 2017 and 2016, there were no potential dilutive ordinary shares, diluted earnings per share were equal to basic earnings per share.

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

(XX) Re ced a e f he h gh e

Restricted assets of ownership category	31 Dece be 2016	Increasing	Decreasing	30 June 2017
I A e ea				
1. F eda e (b dhg ahd ah)	87,419,164.68	7,936,457.36	1,653,946.14	**93,701,675.90**
2. Ih ahg be a e (ahd gh e)	27,375,988.97	3,722,057.64	900,855.18	**30,197,191.43**
3. F eda e (ach he e eh)				
II Re ced a e f he h eca ed b he ea h				
Ihc dhg: c ehc (a de e e e, ec de ed h he ceh a bah)	885,773,431.13	273,854,962.97	378,726,226.72	**780,902,167.38**
T a	1,000,568,584.78	285,513,477.97	381,281,028.04	**904,801,034.71**

VI. RELATED PARTIES AND RELATED TRANSACTIONS

(I) Re a ed a ah ac h

The ah ac h ce be eeh he G ah and e a ed a e he ce f he ag ee eh, he ce G h eh h ah ac h ce ha k h- e a ed a .

1. G h h hg e a ed a ah ac h

The G h h hg e a ed a ah ac h. P d c and Se ce F a e . Ag ee eh, he G h h hg e a ed a ah ac h. F hanc a Se ce F a e . Ag ee eh Ah h nce eh ed b he G ah h 9 Dece be 2016 and he G h h hg e a ed a ah ac h. F hanc a The S e eh he Ah h nce eh f he F a e . Ag ee eh and he S e eh he F hanc a Se ce F a e . Ag ee eh ed h 22 Feb a 2017, he G ah eh e ed h he Ag ee eh h P d c and Se ce h Ha b h E ec c G G ah , h ch a d f 1 Jah a , 2017 31 Dece be 2019. The G ah eh e ed h he F hanc a Se ce F a e . Ag ee eh h Ha b h E ec c G G ah . The ag ee eh a d f 31 Dece be 2016 30 Dece be 2019.

VI. RELATED PARTIES AND RELATED TRANSACTIONS (CONTINUED)

(I) Rea ed a_, _ ah ac h (Ch h ed)

1. Ch h hg ea ed a_, _ ah ac h (Ch h ed)

(1) P d c ahd e ce _ ah ac h

Related parties	January to June in 2017	Jah a, J he h 2016
Sa e f g d		
. ah, hde		
h h	4,913,971.87	505,241.09
h eh e		12,820,512.82
P c e eh f g d		
. ah, hde		
h h	35,659,138.82	18,983,055.58
h eh e		91,929,501.71
Se ce fee he e		
. h dhg ah,	1,640,000.00	1,640,000.00
Se ce fee e eh e		
. ah, hde		
h h	26,745,249.12	26,559,779.92

VI. RELATED PARTIES AND RELATED TRANSACTIONS (CONTINUED)

(I) Related party transactions (continued)

1. Continuing related party transactions (continued)

(2) Interest income

Related parties	January to June in 2017	January to June in 2016
Holding company	9,152,857.43	3,286,195.43
Other related parties		
Subsidiaries	565,548.95	969,509.05
Joint ventures	4,730.62	65,431.17
Total	9,723,137.00	4,321,135.65

(3) Interest expense

Related parties	January to June in 2017	January to June in 2016
Holding company		1,484,381.55
Other related parties		
Subsidiaries	4,887.43	711,411.66
Total	4,887.43	2,195,793.21

VI. RELATED PARTIES AND RELATED TRANSACTIONS (CONTINUED)

(I) Related party transactions (continued)

1. Continuing related party transactions (continued)

(4) Fee and commission income

VI. RELATED PARTIES AND RELATED TRANSACTIONS (CONTINUED)

(II) Rece/ab e f and a¡ab e e aed a_e

1. Rece/ab e_e

Items	Related parties	30 June 2017 Remaining carrying amount	30 June 2017 Provision for bad debt	31 Dece be 2016 Re ahhg ca¡hg a h	31 Dece be 2016 P/ hh bad deb
Tade ece/ab e					
	Oah¡hde				
	ch ch			30,000.00	
Pe a¡eh					
	Oah¡hde				
	ch ch	56,244,827.00		27,238,070.00	
Qhe ece/ab e					
	Hdhgeah¡	162,095,125.59		162,095,125.59	
	Oah¡hde				
	ch ch	56,617,740.12		69,139,698.98	
Ihee_ ece/ab e					
	Oah¡hde				
	ch ch	3,776,498.00		251,212.50	
Qhe c eh a e					
	Oah¡hde				
	ch ch	200,000,000.00			

VI. RELATED PARTIES AND RELATED TRANSACTIONS (CONTINUED)

(II) Receivables from and payables to related parties (Continued)

2. Payables

Items	Related parties	Remaining carrying amount	
		30 June 2017	31 December 2016
Short-term borrowings			
	Holding company	**2,854,108,542.78**	1,920,864,747.00
Amounts due to			
	Holding company	**1,593,909,807.57**	2,454,002,626.55
	Other related entities	**145,832,842.94**	218,168,055.13
Accounts payable			
	Holding company	**1,543,500.00**	
	Other related entities	**17,282,472.55**	37,193,319.70
Notes payable			
	Other related entities	**246,690.92**	1,321,946.57
Payments received in advance			
	Other related entities		792.00
Other payables			
	Holding company	**52,787,000.00**	4,787,000.00
	Other related entities		247,459.07
Interest payable			
	Holding company	**25,850,861.25**	

VI. RELATED PARTIES AND RELATED TRANSACTIONS (CONTINUED)

(III) G _eh f ea ed a_e

N he.

(IV) G a ah ee f ea ed a_e

B _he ehd f 30 J he 2017, HEC G ah e de ah hd ha ahd e cab e h ab _, g a ah ee _he G ah e ' a e b hd _h a face a e f 3 b h . De a ed h a h efe ed N_e V.(XI)".

VII. SHARE-BASED PAYMENT

N he.

VIII. COMMITMENTS AND CONTINGENCIES

(I) I _ah _eh

1. Ca _a _eh

Uh_ :_eh_ and RMB

Item	30 June 2017	31 Dece be 2017
Ha ng beeh ghed b _ e eg gh ed h_he fhanc a _a e eh . G _eh cha e hg_e a e	23,595.06	17,699.54

2. B _he ehd f 30 J he 2017, _he ah, e _he ha e _he _eh h ch heed be d c ed.

VIII. COMMITMENTS AND CONTINGENCIES (CONTINUED)

(II) Contingencies

1. Guarantees provided for third parties

Number	Company guaranteed: Guarantee company	Name	Nature of company	Ways of guarantee	Kinds of guarantee	Ways of counter-guarantee	Amounts of actual guarantee	Including: guarantee amounts added this year	Current condition of company guaranteed	Whether overdue	Whether being sued
	Total balance of guarantees provided during the reporting period (excluding those provided to subsidiaries)						2,242,880,485.96	100,000,000.00			
1	Hubei Energy Group Finance Co., Ltd.	Hubei Energy Group Co., Ltd.	Shareholding parent company	Joint liability guarantee	Counter-guarantee	Net interest-bearing debts	492,939,381.51		None	No	No
2	Hubei Energy Group Finance Co., Ltd.	Hubei Energy Group Co., Ltd.	Shareholding parent company	Joint liability guarantee	Counter-guarantee	Net interest-bearing debts	334,334,629.47		None	No	No
3	Hubei Energy Group Finance Co., Ltd.	Hubei Energy Group Co., Ltd.	Shareholding parent company	Joint liability guarantee	Counter-guarantee	Net interest-bearing debts	331,481,443.79		None	No	No
4	Hubei Energy Group Finance Co., Ltd.	Hubei Energy Group Co., Ltd.	Shareholding parent company	Joint liability guarantee	Guarantee	Net interest-bearing debts	174,921,495.17		None	No	No
5	Hubei Three Gorges Fuel Limited Liability Company	Hubei Energy Group Co., Ltd.	Shareholding parent company	Joint liability guarantee	Guarantee	Net interest-bearing debts	174,870,800.00		None	No	No
6	Hubei Energy Group Finance Co., Ltd.	Hubei Energy Group Co., Ltd.	Shareholding parent company	Joint liability guarantee	Guarantee	Net interest-bearing debts	155,262,000.00		None	No	No
7	Hubei Energy Group Finance Co., Ltd.	Hubei Energy Group Co., Ltd.	Shareholding parent company	Joint liability guarantee	Counter-guarantee	Net interest-bearing debts	140,835,000.00		None	No	No
8	Hubei Energy Group Finance Co., Ltd.	Hubei Energy Group Co., Ltd.	Shareholding parent company	Joint liability guarantee	Counter-guarantee	Net interest-bearing debts	140,835,000.00		None	No	No
9	Hubei Energy Group Machinery Co., Ltd.	Hubei Energy Group Panji (Zhenjiang) Co., Ltd.	Shareholding parent company's subsidiary	Joint liability guarantee	Counter-guarantee	Net interest-bearing debts	100,000,000.00	100,000,000.00	None	No	No
10	Hubei Energy Group Finance Co., Ltd.	Hubei Energy Group Co., Ltd.	Shareholding parent company	Joint liability guarantee	Counter-guarantee	Net interest-bearing debts	82,870,360.91		None	No	No
11	Hubei Energy Group Finance Co., Ltd.	Hubei Energy Group Co., Ltd.	Shareholding parent company	Joint liability guarantee	Counter-guarantee	Net interest-bearing debts	82,870,360.91		None	No	No
12	Hubei Energy Group Finance Co., Ltd.	Hubei Energy Group Co., Ltd.	Shareholding parent company	Joint liability guarantee	Counter-guarantee	Net interest-bearing debts	20,990,579.45		None	No	No
13	HECG Hubei Power Sales Company Limited	Hubei Energy Group Co., Ltd.	Shareholding parent company's subsidiary	Joint liability guarantee	Guarantee	Net interest-bearing debts	5,220,852.00		None	No	No
14	HECG Hubei Power Sales Company Limited	Hubei Energy Group Co., Ltd.	Shareholding parent company's subsidiary	Joint liability guarantee	Guarantee	Net interest-bearing debts	4,290,000.00		None	No	No
15	HECG Hubei Power Sales Company Limited	Hubei Energy Group Co., Ltd.	Shareholding parent company's subsidiary	Joint liability guarantee	Guarantee	Net interest-bearing debts	727,741.00		None	No	No
16	Hubei Energy Group Finance Co., Ltd.	Hubei Energy Group Co., Ltd.	Shareholding parent company	Joint liability guarantee	Counter-guarantee	Net interest-bearing debts	430,841.75		None	No	No

VIII. COMMITMENTS AND CONTINGENCIES (CONTINUED)

(II) Ch hgehc e (Ch h ed)

2. Pehdhg _ ga h

(1) O hed_ e e eh e e Ha bh B e Fac , C ., L d (He ehaf e efe ed a _he b e c ah) g_ a c h ac d _e _h Be hg l h ahd S ee C ., L d. Beca e Be hg l h ahd S ee C ., L d eh e ed h da h ha e, _he b e c ah ha dec a ed _he da h g f 7.3485 h ah f c a , b _he da h g ha h_ beeh da ed, _he b e c ah h N e be 2011 ade a ahda da h a ca h_ Be hg Fahg hah D _ c P e ec _, _he c _ acce _he ca e h 13 J 2012, a f ed h 23 A g 2013. The _ ga h ha h_ e beeh e_ ed.

VIII. COMMITMENTS AND CONTINGENCIES (CONTINUED)

(II) Oh hgehc e (Oh h ed)

2. Pehdhg _ ga h (Oh h ed)

(2) 2008 2009, _he b e ah, ahd Ch ha Se eh, Me a g ca G E eh Mah fac hg ah, (he ehaf e efe ed a _he e eh eeh, e ah,) ghed h ee g d bea , ee b h ac d c h h ac. The d c a de e ed S Lah a a _he P _a e ah _e, b _ e h a _, be ha eh, b _ he ah, a hab e e _he h- _e a _, be . The b e ah, a f ced h a h d- a _, h _ e a _he _ed d c. U h , he f ah ahd ab _ ha eached 7,128,000 ah. F _h ehd, _he b e ah, ha Ha b h Ihe ed a e Pe e' O _ ec h _he e eh eeh e ah, e hg _he ah, eh a e f h _ c h _, a e a fee , da ed da age , e c. a _ a f 7,137,300 ah. Ha b h C _ Ihe ed a e Pe e' O _ f F _ Ih _ ahce hg _he e eh eeh, e ah, eh a e f _he f _he ah, e a ed _ _he b e , _he ah, _heh a ea _ _he He hg ahg P hc a Hghe Pe e' O _, _he He hg ahg P hc a Hghe Pe e' O _ h 16 Ma ch 2017, _he ec hd h _ahce hg e ec ed _he e eh eeh, e ah,' a ea hg. The e eh eeh, e ah, a ed f e a _he S e e Pe e' O _, _he b e ah, b ed a ea ahd _he a e a ac dhg _he a . The _ ga h ha h _ , e beeh e ed.

VIII. COMMITMENTS AND CONTINGENCIES (CONTINUED)

(II) Oh hgehc e (Oh h ed)

2. Pehdhg ̄ ga ̄ h (Oh h ed)

(3) 24 A 2015, ̄ he b e ah¸ ece ed W C ̄¸ H hah D ̄ c P e' O ̄ ̄ ce f ah, W C ̄¸ Zhehda S ec a S ee P e Mah fac hg O ., L d. (he ehaf e efe ed a W Zhehda') h ̄ he b e ah¸ h a ea f ̄ a¸ eh ̄ he ̄, a . B e ah¸ a ̄ he cha e ce f 390.12 h ahd h e e ̄. Af e ece ed he e e ah a e a , he b e ah¸ f ̄ a d he d c h f he b ec h, e ec ed b¸ he ̄, ed a e¸ he b e ah¸ h e ca he a¸ be f Zhehha' a e hea e . The ̄ h 12 Jah a¸ 2016, 18 Oc be 2016 hd c ed a ̄ a , 13 Ma ch 2017 he ̄ ed a e d c, ̄ ̄ he e e f W Zhehda, e ec ed he b e ah¸ h e ca a ca h. Af e he b e ah¸ ece ed he e d c, ed a e¸ f ed ah a ea ac dhg a , he b e ah¸ c eh¸ a a hg ̄ ce f he ̄ f e hd h ahce. The ga h ha ̄ ¸ e beeh e ed.

VIII. COMMITMENTS AND CONTINGENCIES (CONTINUED)

(II) Oh hgehc e (Oh h ed)

2. Pehdhg _ ga h (Oh h ed)

(4) B e Oah¡ ahd Jhh Zha fehg h Feb a¡ 2011 ghed_he Xh ahg Jhh Zha fehg Ehe g¡ O ., L d. hed e ah 2 350MW ec_ca h_ b e ahd deh_ fca h e eh ¡ Oh ac , a ahghg_he b e Oah¡ de Jhh Zha fehg _h_ b e ahd deh_ fca h e eh ,_he_a Oh ac ce f 365.1 h¡ ah. Af e _he gh hg f_he Oh ac ,_he b e Oah¡ f f ed_he de e¡ b ga h ace dhg_ _he Oh ac , b _ Jhh a Zha fehg ed_ _he b e Oah¡ RMB139.05 h. Ih Se _e be 2016,_he b e Oah¡ f ed a a _ _he U H gh Pe e' O _ h Xh ahg h ace dahce _h_he Oh ac . The O _ he d _ f _ _ a h Jah a¡ 2017 ahd_he b e Oah¡ c eh¡ a a_hg O _ h_ fca h. The _ ga h ha h_¡ e beeh e_ed.

3. A f 30 J he 2017,_he Oah¡ O e h_ ha e ah¡ _he gh fcah Oh hgehc e h ch heed_ be d c ed.

IX. MATTERS AFTER THE BALANCE SHEET DATE

N he.

Harbin Electric Company Limited
10 A g _ 2017

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
B c 3
Nangang D . c H gh Techn g
P d c n Ba e
Ha b n
He ng ang P (nce
Pe e' Re b c f Ch na
Ta a e ' Iden f ca n N be :
91230100127575573H

OFFICE ADDRESS OF THE COMPANY
1399 Ch ang n Rad
Sh ngbe D . c
Ha b n
He ng ang P (nce
Pe e' Re b c f Ch na
P . de: 150028
Te : 86-451-82135727 58590777
Fa : 86-451-82162088

PLACE OF BUSINESS IN HONG KONG
R 1601, 16 h F
LHT T e
31 Q een' Rad Ceh a
H ng K ng

WEBSITE
.h ec.

LEGAL REPRESENTATIVE
M . S Ze-f

AUTHORISED REPRESENTATIVES
M . W We - hang
M . A L- ng

COMPANY SECRETARY
M . A L- ng

JOINT COMPANY SECRETARY
M . T ng Ta Ch , M chae

AUDITORS
BDO China Shu Lun Pan
Certified Public Accountants LLP

LEGAL ADVISORS
a PRC La
Haiwen Partners

LISTING INFORMATION
H Sha e
The Stock Exchange of Hong Kong Limited
S c de: 1133

DEPOSITARY
The Bank of New York

SHARE REGISTER AND TRANSFER OFFICE
Hong Kong Registrars Limited