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哈尔滨电气股份有限公司

HARBIN ELECTRIC COMPANY LIMITED

(a joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1133)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

T B (**Group**) (**Company**)
w C A S 31 2018, w w
B .

CONSOLIDATION BALANCE SHEET

(A

:

B)

Items	December 31, 2018	J 1, 2018	31, 2017
Current assets:			
C k	12,543,251,700.19	16,165,238,281.47	16,165,238,281.47
△			
△ S k	600,000,000.00		
☆ T			
	2		
	9,787,027,952.87	11,585,761,383.44	14,951,037,967.00
	3,592,286,216.57	5,389,851,256.88	5,389,851,256.88
△			
△			
△			
△			
△ B k	1,270,159,303.49	956,987,640.88	956,987,640.88
	10,454,912,311.25	12,099,669,344.43	15,546,042,302.41
	3,212,257,379.48	3,480,285,176.50	3,480,285,176.50
: w			
()	344,585,898.98	426,733,313.77	426,733,313.77
☆ C 3	8,233,457,249.78	6,811,649,541.54	
C -			
C -	49,955,000.00		
C -	781,645,718.79	3,009,630,060.28	3,009,630,060.28
Total current assets	47,312,695,452.94	56,018,787,508.92	56,018,787,508.92

CONSOLIDATION BALANCE SHEET (CONTINUED)

(A	:	B)			
Items			December 31, 2018	J 1, 2018	31, 2017
Non-current liabilities:					
▲ - w			300,000,000.00	200,000,000.00	200,000,000.00
B					
	:	k			
▲ -			484,843,694.29	485,953,994.29	485,953,994.29
▲ -			142,308,359.65	141,039,180.93	141,039,180.93
			785,172,986.49	631,358,782.54	631,358,782.54
			144,934,944.49	154,756,614.71	154,756,614.71
				7,280,974.79	7,280,974.79
▲ -					
	:				
Total non-current liabilities			<u>1,857,259,984.92</u>	<u>1,620,389,547.26</u>	<u>1,620,389,547.26</u>
Total liabilities			<u><u>40,232,952,077.63</u></u>	<u><u>48,695,941,394.36</u></u>	<u><u>48,695,941,394.36</u></u>

CONSOLIDATION BALANCE SHEET (CONTINUED)

(A	:	B)			
Items			December 31, 2018	J 1, 2018	31, 2017
Equity:					
- ()			1,706,523,000.00	1,706,523,000.00	1,706,523,000.00
S - w			1,030,952,000.00	1,030,952,000.00	1,030,952,000.00
S : S - w			1,030,952,000.00	1,030,952,000.00	1,030,952,000.00
C w					
:			675,571,000.00	675,571,000.00	675,571,000.00
# : k			1,706,523,000.00	1,706,523,000.00	1,706,523,000.00
- ()-					
l					
:					
C			3,715,737,494.12	3,690,197,230.17	3,690,197,230.17
▲ :					
l			66,045,215.97	18,514,209.22	18,514,209.22
: C			2,716,262.19	-691,329.32	-691,329.32
S			30,812,983.78	19,377,426.96	19,377,426.96
S			809,136,649.47	786,529,945.86	786,529,945.86
S			809,136,649.47	786,529,945.86	786,529,945.86
S					
#					
#C					
#					
Δ C' k			8,698,026,738.58	8,649,609,089.09	8,649,609,089.09
5			15,026,282,081.92	14,870,750,901.30	14,870,750,901.30
☛			1,282,748,516.51	1,271,400,777.32	1,271,400,777.32
Total owner's equity			16,309,030,598.43	16,142,151,678.62	16,142,151,678.62
Total liabilities and owner's equity			56,541,982,676.06	64,838,093,072.98	64,838,093,072.98
C					
:					
C A					
:					
A					
S					
:					

CONSOLIDATION INCOME STATEMENTS (CONTINUED)

(A	:	B)		
Items	Current Period			
3. Operating profits("-" for loss)			212,405,289.10	434,103,183.78
A : -			47,261,642.78	72,224,866.35
: 6/			4,876,415.01	50,539,789.12
: 6/			1,620,168.00	325,314.71
▲ : -			102,812,797.65	162,961,645.20
▲			38,647,346.91	
4. Profit before tax("-" for loss)			156,854,134.23	343,366,404.93
▲ :		7	54,166,496.62	82,397,811.03
5. Net profit("-" for net loss)			102,687,637.61	260,968,593.90
(1) B w			71,316,651.84	194,226,740.00
* /			31,370,985.77	66,741,853.90
-				
(2) B			103,075,019.32	234,628,922.24
C			-387,381.71	26,339,671.66
T				
6. Other comprehensive income after tax			66,567,309.74	27,890,241.37
└-			66,510,166.44	25,453,003.92
(1) C			63,358,777.91	
1.				
2. S				
☆ 3.				
☆ 4.			63,358,777.91	
k				
5. └-				

CONSOLIDATION INCOME STATEMENTS (CONTINUED)


(A

:

B)

Items	Current Period	
(2) ₱-	3,151,388.53	25,453,003.92
1. S		
☆ 2.		
	434,106.70	
3. ₱		
- -		18,515,228.86
☆ 4. T		
5. ₱		
- -		
- -		
☆ 6. ₱		
7. C w	-690,309.68	11,046,444.74
8. C	3,407,591.51	-4,108,669.68
9. ₱		
* ₱		
-	57,143.30	2,437,237.45
7. Total comprehensive income	169,254,947.35	288,858,835.27
T		
	137,826,818.28	219,679,743.92
* T		
-	31,428,129.07	69,179,091.35
8. Earnings per share:		
(1) B 8	0.04	0.14
(2) 8	0.04	0.14
C :	C A :	A S :

CONSOLIDATION CASH FLOW STATEMENT

(A :  B)

Items	Current Period	
1. Cash flows from operating activities:		
C	22,354,782,681.00	28,225,962,462.60
△		
	898,590,519.60	-1,871,034,396.96
△		
△		
	-400,000,000.00	
△ C		
△		
△		
△		
△ C		
	424,925,505.86	447,167,753.39
△		
△		
△		
T	126,401,116.57	482,180,368.30
	736,892,044.63	546,476,733.08
Total cash inflows from operating activities	24,141,591,867.66	27,830,752,920.41
C	19,119,364,492.84	24,402,799,893.73
△	-492,068.11	-6,059,019.07
△		
	-112,415,761.06	-36,795,414.91
△ C		
△ C	36,902,209.86	28,321,122.91
△ C		
C	2,839,831,972.33	2,815,255,957.74
T	1,496,406,732.76	1,312,144,726.28
	1,437,993,936.57	2,007,334,731.37
Total cash outflows from operating activities	24,817,591,515.19	30,523,001,998.05
Net cash flows from operating activities	-675,999,647.53	-2,692,249,077.64

CONSOLIDATION CASH FLOW STATEMENT (CONTINUED)

(A

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↗ B)

Items	Current Period	
2. Cash flows from investing activities:		
C w w	4,220,000,000.00	3,390,000,000.00
C	107,622,371.16	207,910,838.39
,		
-		
	4,456,938.83	7,040,342.41
	3,607,833.22	
-	18,173,074.77	8,143,264.60
	<hr/>	<hr/>
Total cash inflows from investing activities	4,353,860,217.98	3,613,094,445.40
C ,		
-	398,730,260.63	1,029,227,966.42
C	2,267,999,994.35	4,090,000,000.00
△		
-		
	5,467,409.36	2,983,041.09
	<hr/>	<hr/>
Total cash outflows from investing activities	2,672,197,664.34	5,122,211,007.51
	<hr/>	<hr/>
Net cash flows from investing activities	1,681,662,553.64	-1,509,116,562.11
	<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATION CASH FLOW STATEMENT (CONTINUED)

Items	Current Period	
3. Cash flows from financing activities:		
C		1,269,999,456.00
:		
C	1,064,550,263.57	1,410,490,000.00
Δ C		
-	5,178,584.78	6,970,000.00
Total cash inflows from financing activities	<u>1,069,728,848.35</u>	<u>2,687,459,456.00</u>
C	5,412,652,622.16	136,076,363.31
C		
:	192,880,766.41	178,148,351.58
-	31,707,132.77	
Total cash outflows from financing activities	<u>5,606,741,542.93</u>	<u>393,628,805.74</u>
Net cash flows from financing activities	<u><u>-4,537,012,694.58</u></u>	<u><u>2,293,830,650.26</u></u>
4. Effect of foreign exchange rate changes on cash and cash equivalents	<u>30,740,345.41</u>	<u>-90,313,766.92</u>
5. Net increase in cash and cash equivalents	-3,500,609,443.06	-1,997,848,756.41
A :	<u>15,206,290,892.00</u>	<u>17,204,139,648.41</u>
6. Ending balance of cash and cash equivalents	<u>11,705,681,448.94</u>	<u>15,206,290,892.00</u>
C	:	C
A	:	A
S	:	S

CONSOLIDATION STATEMENTS OF CHANGES IN EQUITY



Items	Current period												
	Equity attributable to parent company												
	Paid-in capital	Preferred stock	Other equity instruments	Less: treasury shares	Other comprehensive income	Specialized reserve	Surplus reserve	△ General risk provision	Retained earnings	Others	Subtotal	Minority interests	Total owner's equity
1. Ending balance of last year	1,706,523,000.00			3,690,197,230.17	18,514,209.22	19,377,426.96	786,329,945.86		8,649,009,089.09		14,870,750,901.30	1,271,400,777.32	16,142,151,678.62
2. Beginning balance of current year	1,706,523,000.00			3,690,197,230.17	18,514,209.22	19,377,426.96	786,329,945.86		8,649,009,089.09		14,870,750,901.30	1,271,400,777.32	16,142,151,678.62
3. Increase/decrease for current year " " for decrease													
(1) T					47,531,006.75	11,435,536.82	22,606,703.61		48,417,649.49		155,531,180.62	11,347,739.19	166,878,919.81
(2) E, W					66,510,166.44				71,316,651.84		137,826,818.28	31,428,129.07	169,254,947.35
1. C											25,540,263.95	9,375,000.00	34,915,263.95
2. C													
3. S													
4. 0													
(3) A													
1. A						11,435,536.82					11,435,536.82	1,418,974.02	12,854,510.84
2. U						23,194,591.55					23,194,591.55	3,850,921.73	27,045,513.28
1. A						-11,759,034.73					-11,759,034.73	-2,431,947.71	-14,190,982.44
1. A							22,606,703.61		-41,878,162.04		-19,271,458.43	-30,874,363.90	-50,145,822.33
							22,606,703.61		-22,606,703.61				
							22,606,703.61		-22,606,703.61				
2. A									-25,597,845.00		-25,597,845.00	-31,707,132.77	-57,304,977.77
3. W									6,326,386.57		6,326,386.57	832,768.87	7,159,155.44
4. E									18,979,159.69		18,979,159.69		
(5) T					-18,979,159.69								
1. C													
2. S													
3. W													
4. W													
* 5. E													
6. E													
4. Ending balance of current year	1,706,523,000.00			3,715,737,494.12	66,045,215.97	30,812,963.78	809,136,649.47		8,698,026,738.58		15,026,282,081.32	1,282,746,516.51	16,309,030,598.43

2018 ANNUAL PERFORMANCE ANNOUNCEMENT

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I. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

1. Basis of preparation

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2. Going concern

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II. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

Items	Closing balance	
A	3,112,281,635.68	4,362,451,678.86
	6,674,746,317.19	7,223,309,704.58
T	<u>9,787,027,952.87</u>	<u>11,585,761,383.44</u>

1. Notes receivable

Type	Carrying Amount	Closing balance		C A	B	B k
		Bad debt Provision	Book value			
B k	2,549,245,442.79		2,549,245,442.79	3,456,249,576.99		3,456,249,576.99
B	563,036,192.89		563,036,192.89	906,202,101.87		906,202,101.87
T	<u>3,112,281,635.68</u>		<u>3,112,281,635.68</u>	<u>4,362,451,678.86</u>		<u>4,362,451,678.86</u>

2. Accounts receivable

Items	Closing balance	
A	11,238,171,927.04	11,886,206,458.19
▲ : -	4,563,425,609.85	4,662,896,753.61
	<u>6,674,746,317.19</u>	<u>7,223,309,704.58</u>

2.1 Accounts receivable accruing bad debt provision by applying aging analysis

Age	Closing balance Amount		A
W	4,020,608,853.48		4,325,601,379.58
Tw	1,646,863,673.80		1,479,843,186.24
	537,649,317.28		810,790,231.08
	469,624,472.63		607,074,907.68
T	<u>6,674,746,317.19</u>		<u>7,223,309,704.58</u>
T			

III. CONTRACT ASSETS AND CONTRACT LIABILITIES

1. Details of contractual assets and contractual liabilities

		Contract assets
		8,042,694,649.96
		8,979,557,673.69
		7,340,262,717.42
		9,681,989,606.23
		1,448,532,356.45
		8,233,457,249.78
	:	8,233,457,249.78
	-	
		Contract liabilities
		19,588,274,771.42
		11,459,274,863.15
	j	
		16,450,829,247.45
		14,596,720,387.12
	:	14,596,720,387.12
	-	

IV. NOTES PAYABLE AND ACCOUNTS PAYABLE

Items	Closing balance	₱
	5,836,028,015.25	5,479,804,293.43
A	<u>13,215,819,754.05</u>	<u>14,051,708,904.60</u>
T	<u>19,051,847,769.30</u>	<u>19,531,513,198.03</u>

1. Notes payable

Type	Closing balance	₱
B k	4,611,567,962.08	4,570,861,423.55
B	<u>1,224,460,053.17</u>	<u>908,942,869.88</u>
T	<u>5,836,028,015.25</u>	<u>5,479,804,293.43</u>

2. Accounts payable

Items	Closing balance	₱
	10,003,805,732.84	11,359,184,726.32
W w	1,811,999,790.23	1,328,277,162.52
Tw	597,497,973.67	586,962,812.92
₱	<u>802,516,257.31</u>	<u>777,284,202.84</u>
T	<u>13,215,819,754.05</u>	<u>14,051,708,904.60</u>

V. UNDISTRIBUTED PROFIT

Items	Current period
B j	8,649,609,089.09
A j	
(+, -)	
j	8,649,609,089.09
A : w	71,316,651.84
	25,305,546.26
: A	22,606,703.61
A	
A k	25,597,845.00
	<u>8,698,026,738.58</u>

T C	k
w w 2017	w
w w 2017	w
25, 2018. B	1,706,523,000
2017,	' 2017
2017 B0.015),
B25,597,845.00	().

VI. OPERATING INCOME AND OPERATING COST

Items	Amount of this period		A	C
	Income	Cost		
	25,673,513,488.27	22,523,020,468.15	31,345,884,860.70	27,104,569,528.75
	<u>205,947,362.35</u>	<u>164,510,451.63</u>	<u>194,438,995.68</u>	<u>163,384,698.59</u>
T	<u>25,879,460,850.62</u>	<u>22,687,530,919.78</u>	<u>31,540,323,856.38</u>	<u>27,267,954,227.34</u>

VII. INCOME TAX EXPENSE

Items	Current period	
C		
w	113,890,721.19	163,258,837.00
A j	-59,724,224.57	-80,861,025.97
	<hr/>	<hr/>
T	54,166,496.62	82,397,811.03
	<hr/> <hr/>	<hr/> <hr/>

VIII. EARNINGS PER SHARE

1. Basic Earnings Per share

Items	Current period	
C		
	71,316,651.84	194,226,740.00
C		
(A)		
-	-37,928,493.45	110,097,146.85
T w		
	1,706,523,000.00	1,376,806,000.00
B ()	0.0418	0.1411
B Y) (A -		
Y)	-0.0222	0.0800

C	k w	:	
Items	No.	Current period	
	1	1,706,523,000.00	1,376,806,000.00
w			
(II)	2		329,717,000.00
()	3		
	4	12	12
W	5=1+2*3/12	1,706,523,000.00	1,376,806,000.00

2. Diluted Earnings Per share

Items	Current period	
A j	71,316,651.84	194,226,740.00
A j	(
-	-37,928,493.45	110,097,146.85
T w		
C j	1,706,523,000.00	1,376,806,000.00
T	0.0418	0.1411
(A		
)	-0.0222	0.0800

IX. SEGMENT INFORMATION

1. The assets, liabilities and income of segments

Items	Thermal power host equipment	Water and electricity host equipment	Plant engineering service	Power station auxiliary equipment and ancillary products	Nuclear products	Ac and dc motor and others	Total
As at 31 Dec 2018							
T	38,060,046,043.09	4,981,546,381.13	5,900,713,218.18	2,224,798,407.05	5,918,287,179.76	6,783,336,804.67	63,868,728,033.88
:							
	166,286,437.12	33,271,531.75		3,461,068.88	48,118,232.00	122,108,436.70	373,245,706.45
	37,055,011.52	5,563,549.63	3,113,450.72	3,749,449.78	41,635,536.57	32,934,371.17	124,051,369.39
T	<u>30,909,471,437.62</u>	<u>2,886,382,078.26</u>	<u>5,424,335,500.65</u>	<u>1,612,693,371.77</u>	<u>4,168,102,585.60</u>	<u>5,536,702,477.71</u>	<u>50,537,687,451.61</u>
Jan to Dec 2018							
S	11,877,253,493.44	1,704,635,327.78	7,411,068,070.00	899,959,203.92	1,338,543,115.52	2,648,001,639.96	25,879,460,850.62
w	2,445,150,561.55					25,907,149.35	2,471,057,710.90
	14,322,404,054.99	1,704,635,327.78	7,411,068,070.00	899,959,203.92	1,338,543,115.52	2,673,908,789.31	28,350,518,561.52
	<u>1,688,416,137.54</u>	<u>151,307,340.39</u>	<u>253,427,300.43</u>	<u>90,244,697.64</u>	<u>279,757,718.61</u>	<u>762,349,542.38</u>	<u>3,225,502,736.99</u>

	T	w	W	w	A	T	
As at 31 Dec 2017							
T	41,212,539,999.63	4,621,011,351.10	6,651,596,886.48	3,020,134,669.35	8,114,465,554.50	6,582,095,472.16	70,201,843,933.22
:							
	205,698,456.10	11,100,895.65	15,746,976.00	12,736,227.18	502,590,983.75	81,402,678.44	829,276,217.12
	39,551,824.68	18,813,052.57	205,009,241.96	985,708.73	25,456,422.56	39,193,899.47	329,010,149.97
T	<u>34,634,317,661.74</u>	<u>2,229,206,421.05</u>	<u>5,884,095,242.01</u>	<u>2,316,900,005.18</u>	<u>6,304,818,582.81</u>	<u>4,993,809,765.82</u>	<u>56,363,147,678.61</u>
Jan to Dec 2017							
S	13,871,644,397.96	1,146,212,806.36	10,704,840,383.96	1,339,075,625.77	2,032,575,585.70	2,445,975,056.63	31,540,323,856.38
w	2,534,289,826.09		-141,400,613.00			22,799,084.22	2,415,688,297.31
	16,405,934,224.05	1,146,212,806.36	10,563,439,770.96	1,339,075,625.77	2,032,575,585.70	2,468,774,140.85	33,956,012,153.69
	<u>2,371,509,963.21</u>	<u>182,328,452.21</u>	<u>490,768,642.94</u>	<u>195,206,172.08</u>	<u>519,357,241.58</u>	<u>594,919,083.22</u>	<u>4,354,089,555.24</u>

2. Information of assets, liabilities and income of segments

Items	Closing balance	£
Assets	63,868,728,033.88	70,201,843,933.22
£	-19,044,229,265.34	-20,122,713,238.83
	44,824,498,768.54	50,079,130,694.39
£	490,142,216.40	430,581,741.83
-		
B k	8,730,639,860.30	12,155,831,808.52
C k	635,145,558.72	747,561,319.78
C	50,694,420.76	107,033,625.67
U	1,810,861,851.34	1,317,953,882.79
T	56,541,982,676.06	64,838,093,072.98

Items	Closing balance	
Liabilities		
	50,537,687,451.61	56,363,147,678.61
	-12,683,916,496.00	-8,721,527,596.46
	37,853,770,955.61	47,641,620,082.15
T	374,043,503.79	240,442,949.52
		7,280,974.79
	2,005,137,618.23	806,597,387.90
U		
T	40,232,952,077.63	48,695,941,394.36
Items	Current period	
Income		
	25,879,460,850.62	31,540,323,856.38
w	2,471,057,710.90	2,415,688,297.31
	28,350,518,561.52	33,956,012,153.69
	3,225,502,736.99	4,354,089,555.24
	33,572,806.15	81,719,926.20
	3,191,929,930.84	4,272,369,629.04
	33,832,648.30	26,360,761.31
	485,064,692.65	488,136,436.30
C	179,653,758.71	96,282,405.05
		-11,399,680.48
	145,030,891.91	266,495,807.13
		29,642,866.59
U	151,370,514.79	97,359,627.28
U	3,739,966,519.15	4,329,604,099.85
T	156,854,134.23	343,366,404.93

3. Region information

Items	Income from external customers	
	2018	2017
1. (C)	18,482,059,253.38	20,937,172,169.16
2. k	940,501,828.49	3,883,858,635.49
T k	292,124,872.39	1,771,972,533.17
T A	5,275,085,949.28	1,687,649,086.59
T U	382,959,581.28	1,164,629,635.62
T B	139,432,199.33	617,243,022.29
	66,947,781.02	314,662,168.56
	300,349,385.45	1,163,136,605.50
	7,397,401,597.24	10,603,151,687.22
T	25,879,460,850.62	31,540,323,856.38

X. INVESTMENT IN ASSOCIATES AND JOINT VENTURES

Investee	t.	Changes in the current period						Closing balance	Provision for impairment loss	Impairment provision at the end of the year
		Increase	Decrease	Under the equity method to confirm the investment profit and loss	Other comprehensive income adjustment	Other equity changes	Declaration of cash dividends or profits			
1. Associates										
()C w S	135,003,849.87			30,101,873.68			45,342,884.15	119,762,839.40		
B w C	51,265,399.11							51,265,399.11	10,223,752.07	
wT C	6,570,491.74			233,304.71				6,803,796.45		
w C	5,823,729.61			3,020,037.04			2,293,598.96	6,550,167.60		
j w	3,850,222.15		3,920,930.55	70,708.40				-		
S C	1,638,475.76			406,724.47			30,000.00	2,015,200.23		
		6,000,000.00						6,000,000.00		
T	204,152,168.24	6,000,000.00	3,920,930.55	33,832,648.30			19,243,152.96	192,397,402.88		10,223,752.07

XI. NET CURRENT ASSETS

Items	Closing balance	₱-
C	47,312,695,452.94	56,018,787,508.92
▲ :	<u>38,375,692,092.71</u>	<u>47,075,551,847.10</u>
	<u>8,937,003,360.23</u>	<u>8,943,235,661.82</u>

XII. TOTAL ASSETS MINUS CURRENT LIABILITIES

Items	Closing balance	₱-
T	56,541,982,676.06	64,838,093,072.98
▲ :	<u>38,375,692,092.71</u>	<u>47,075,551,847.10</u>
T	<u>18,166,290,583.35</u>	<u>17,762,541,225.88</u>

XIII. DIVIDEND

A 22 8 B w
2018 , 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

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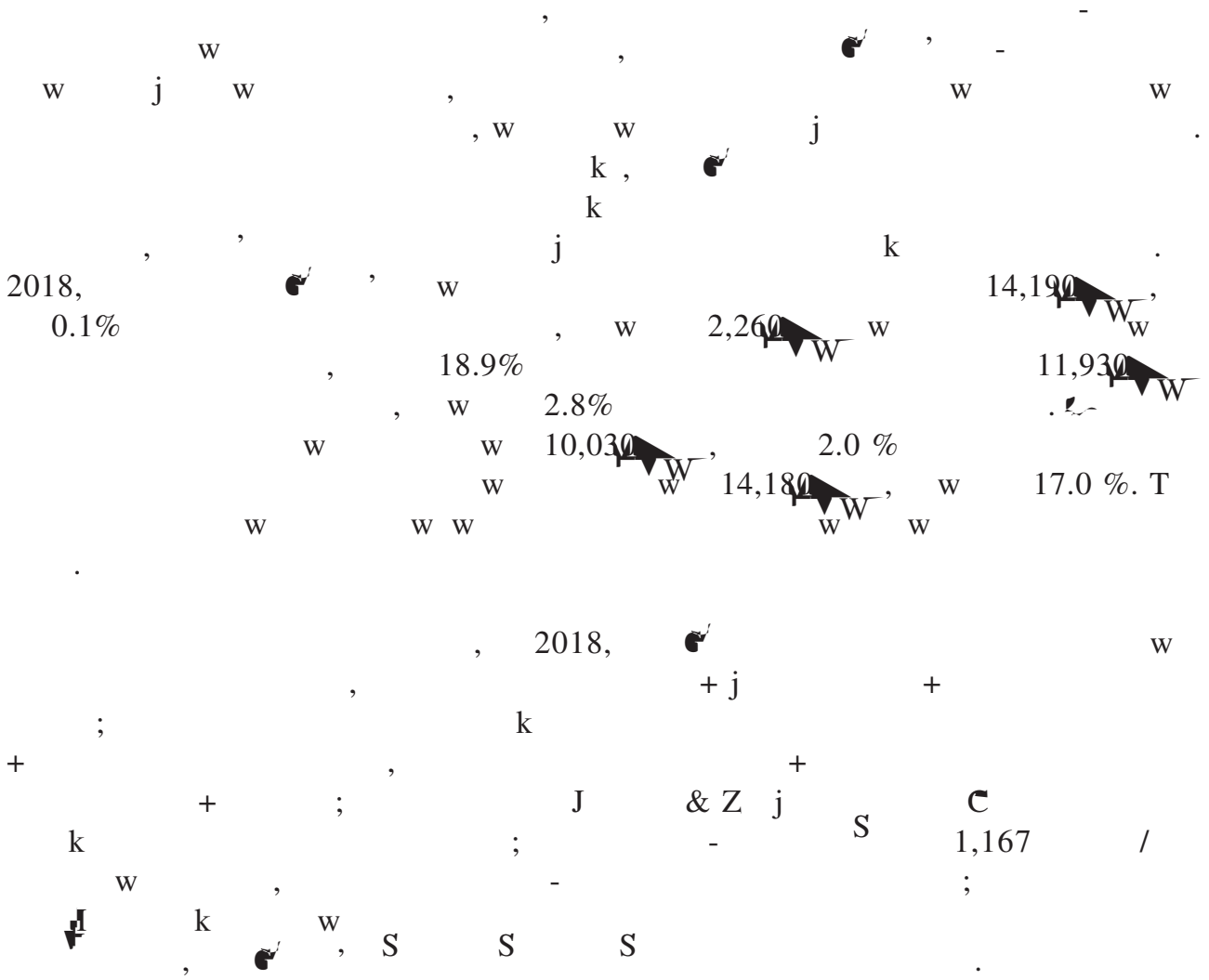
MACRO-ECONOMY AND INDUSTRY DEVELOPMENT

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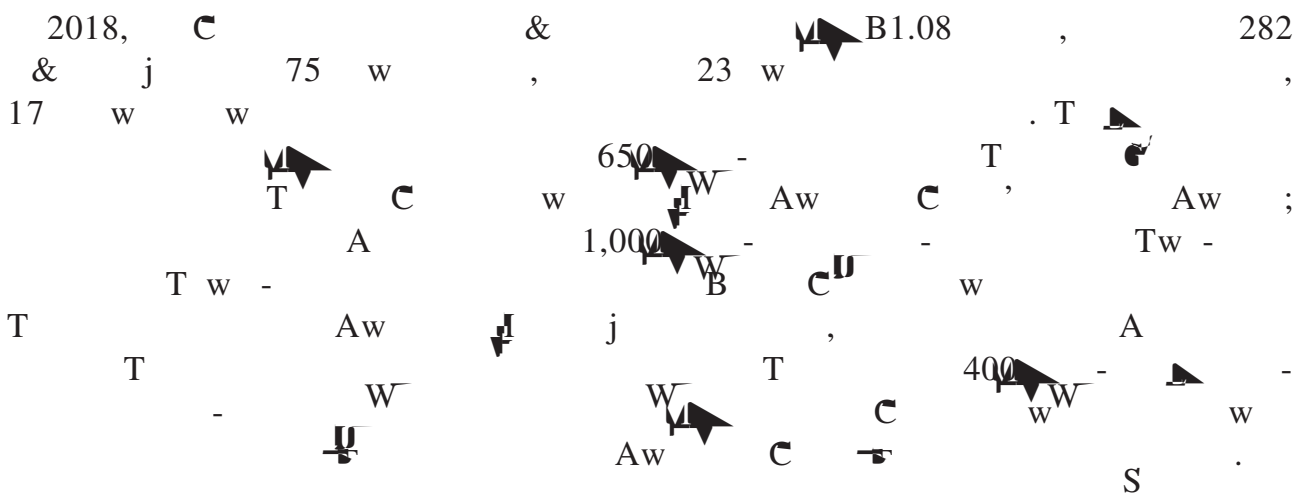
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,
w ,
45% 2030. T C
w- , - w
, - w
15% 2020
20% 2030.

w
w C w 1.90 ,
2018. A w , W w
w 728.00 - - 12%,
38.32% W , - - 1.7
. 2018, w w
w w 124.00 W , - -
6.98%. A w , w w
w 41.19 - - 4.59
W (7.5%); w W ,
8.54 W , - - 4.33
W (33.7%); w W ,
w W , 1.07 W
(5.5%); w W , w W
w 44.26 - - 9.12 W
(17.1%); W w
w 3.05 W . T w

Production & service



Scientific research inputs and achievements



2018, & ,
w , w C & , T C ,
V C & ; w
w j k w , W W -
- , - A 1000
B , w W w
w k , ; 66 k
52 , & , w-
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New products and new industries

2018, k w
w w , w ,
w , w , w ,
w w ; w , 50 W -
- ; j w w
j , .; j w
j , 200,000
W w; w j Y w
, j C T w
- w C T w
w .

Capital expenditure and significant investments held

2018, j w B494
j . T j j
:
T C j
T C j
j , w C j
j w k C ()
- j k T j w
j w - w
, w k ,
w k

Gross profit and gross profit margin

2018, B3,191.93
 , - - 25.29%,
 w 12.33%, - - 1.21%, B3,191.93
 B1,670.21 w
 w B630.31 , w
 w 14.06%, - -
 2.52%; B151.31 w
 w B31.02
 , w w 8.88%, - -
 7.03%; B253.43 w
 w B243.9
 , w w 3.42%,
 - - 1.23%; B90.24 w
 w
 B104.96 , w
 w 10.03%, - - 4.55%; B746.98
 w AC/ C
 , B169.35 , w
 w 28.21%, - -
 4.59%; B279.76 w
 B239.6 , w
 w 20.90%, - - 4.65%. T
 k w
 w ;
 S w , w ,
 W .

Expenses for the Period

2018, B731.24 ,
 B91.86 14.37%
 , w
 , w - -
 ;
 , - - B1,465.16
 , - - B229.86 13.56%, w
 ;
 B591.93 , - -
 5.95%;
 B33.25 ,
 B36.1 88.82%,
 - - B286.69
 ,
 .

Funding source and borrowing status

The Group's funding source and borrowing status at the end of the reporting period is as follows:

Category	31 Dec 2018 (B)	31 Dec 2017 (B)
Bank borrowings	2,072.91	3,283.57
Other borrowings	1,310.66	1,772.91
Trade payables	100.0	300.0
Other payables	-	-
Total	3,483.57	5,359.48

The Group's funding source and borrowing status at the end of the reporting period is as follows:

Category	31 Dec 2018 (B)	31 Dec 2017 (B)
Bank borrowings	2,072.91	3,283.57
Other borrowings	1,310.66	1,772.91
Trade payables	100.0	300.0
Other payables	-	-
Total	3,483.57	5,359.48

Monetary capital and cash flows

At 31 Dec 2018, the Group's monetary capital and cash flows are as follows:

Category	31 Dec 2018 (B)	31 Dec 2017 (B)
Monetary capital	12,543.25	13,204.24
Cash flows	3,621.99	1,681.66
Other	-676.0	-
Total	15,489.24	14,885.90

Asset structure and movements

At 31 Dec 2018, the Group's asset structure is as follows:

Category	31 Dec 2018 (B)	31 Dec 2017 (B)
Monetary capital	56,541.98	56,541.98
Cash flows	8,296.11	8,296.11
Other	47,312.69	47,312.69
Total	112,150.78	112,150.78

Liabilities

At 31 Dec 2018, the Group's liabilities are as follows:

Category	31 Dec 2018 (B)	31 Dec 2017 (B)
Bank borrowings	40,232.95	40,232.95
Other borrowings	8,462.99	8,462.99
Trade payables	38,375.69	38,375.69
Other payables	1,857.26	1,857.26
Total	88,928.89	88,928.89

Owners' interests

A 31 2018, B15,026.28 , w B155.53
B8.81, B0.10 ; w w 0.48%.

Gearing ratio

A 31 2018, w 0.12: 1, w (- 0.11: 1

Contingent liabilities and pledges

A 31 2018, B114.03

Exposure to fluctuations in exchange rate

31 2018, B722.76 . T . A w
k.

Use of fund-raising proceeds

T C , - w .

Dividend

T B 2018.

SIGNIFICANT EVENTS AFFECTING THE GROUP

On 24 January 2018, the Board of Directors approved the acquisition of 100% of the shares of B. J. K. A. S. (the "Acquisition"). The Acquisition was completed on 24 January 2018, and the Group's financial statements for the year ended 31 December 2018 reflect the Acquisition. The Acquisition resulted in the Group's revenue increasing by \$4.56 million. The Acquisition also resulted in the Group's assets increasing by 172 million and its liabilities increasing by 10 million.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board of Directors has confirmed the independence of the Independent Non-Executive Directors. The Independent Non-Executive Directors are Mr. S. K. S. and Mr. T. S. K. S. The Independent Non-Executive Directors have no material relationship with the Group and are not considered to be related parties of the Group.

INTERESTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT IN THE SHARE CAPITAL

As at 31 December 2018, the interests of the Directors, Supervisors and Senior Management in the share capital of the Group are as follows:

The Chairman of the Board, Mr. S. K. S., has an interest of 10 million shares in the Group. The Chairman of the Board, Mr. S. K. S., also has an interest of 10 million shares in the Group. The Chairman of the Board, Mr. S. K. S., also has an interest of 10 million shares in the Group.

The Independent Non-Executive Director, Mr. T. S. K. S., has an interest of 10 million shares in the Group. The Independent Non-Executive Director, Mr. T. S. K. S., also has an interest of 10 million shares in the Group. The Independent Non-Executive Director, Mr. T. S. K. S., also has an interest of 10 million shares in the Group.

The Executive Director, Mr. S. K. S., has an interest of 10 million shares in the Group. The Executive Director, Mr. S. K. S., also has an interest of 10 million shares in the Group. The Executive Director, Mr. S. K. S., also has an interest of 10 million shares in the Group.

The Senior Management, Mr. S. K. S., has an interest of 10 million shares in the Group. The Senior Management, Mr. S. K. S., also has an interest of 10 million shares in the Group. The Senior Management, Mr. S. K. S., also has an interest of 10 million shares in the Group.

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

As at 31 December 2018, the service contracts of the Directors and Supervisors are as follows:

The Chairman of the Board, Mr. S. K. S., has a service contract with the Group for a period of 14 months. The Chairman of the Board, Mr. S. K. S., also has a service contract with the Group for a period of 14 months. The Chairman of the Board, Mr. S. K. S., also has a service contract with the Group for a period of 14 months.

The Independent Non-Executive Director, Mr. T. S. K. S., has a service contract with the Group for a period of 14 months. The Independent Non-Executive Director, Mr. T. S. K. S., also has a service contract with the Group for a period of 14 months. The Independent Non-Executive Director, Mr. T. S. K. S., also has a service contract with the Group for a period of 14 months.

The Executive Director, Mr. S. K. S., has a service contract with the Group for a period of 14 months. The Executive Director, Mr. S. K. S., also has a service contract with the Group for a period of 14 months. The Executive Director, Mr. S. K. S., also has a service contract with the Group for a period of 14 months.

The Senior Management, Mr. S. K. S., has a service contract with the Group for a period of 14 months. The Senior Management, Mr. S. K. S., also has a service contract with the Group for a period of 14 months. The Senior Management, Mr. S. K. S., also has a service contract with the Group for a period of 14 months.

INTERESTS OF DIRECTORS AND SUPERVISORS IN CONTRACTS OF SIGNIFICANCE

A 31 2018, S ,
w ,
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CONTRACTS OF SIGNIFICANCE WITH THE CONTROLLING SHAREHOLDERS OR THEIR SUBSIDIARIES

A 31 2018, , w w
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REMUNERATION OF DIRECTORS AND SUPERVISORS

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(B)

	Fees	Wages and other benefits	Contribution to retirement benefits scheme	Total
Executive Directors				
Z -	0	0	0	0
S -	0	618,530	96,499	715,029
W Z W -j	0	553,845	91,721	645,566
S Y -	0	550,130	89,741	639,871
T	<u>0</u>	<u>1,722,505</u>	<u>277,961</u>	<u>2,000,466</u>

	Fees	Wages and other benefits	Contribution to retirement benefits scheme	Total
Independent Non-Executive Directors				
Mr. Z. J.	0	60,000	0	60,000
Mr. Y. W.	0	60,000	0	60,000
Mr. T. M.	0	60,000	0	60,000
Mr. J. K. (2018)	0	50,000	0	50,000
T	0	230,000	0	230,000

Supervisors				
Mr. C. Y.	0	31,020	7,478	38,498
Mr. Z.	0	372,480	75,435	447,915
Mr. Z.	0	198,764	40,589	239,353
Mr. Z.	0	367,524	33,444	400,968
Mr. Z. W.	0	405,479	58,162	463,641
T	0	1,375,267	215,108	1,590,375

FIVE HIGHEST PAID PERSONNEL

A 31 2018, C w w
 ↓ \$1 w ↓ \$1.5 .

	Fees	Wages and other benefits	Contribution to retirement benefits scheme	Total
T	↓ \$0	↓ \$4.9815	↓ \$0.9995	↓ \$5.9810

CONTINGENT LIABILITIES – GUARANTEES

A 31 2018, B2,035.42
 C w .

PERMITTED INDEMNITY PROVISION

As at 31 December 2018, the Company has no permitted indemnity provision.

SIGNIFICANT INVESTMENT IN SECURITIES

As at 31 December 2018, the Company has significant investments in securities. The carrying amount of these investments is \$76,335,877 (2017: \$499,999,994.35). The investments are primarily in government bonds and listed securities. The Company's investments are classified as available-for-sale financial assets. The fair value of these investments is \$76,335,877 (2017: \$499,999,994.35). The Company's investments are measured at fair value through other comprehensive income. The change in the carrying amount of these investments during the year ended 31 December 2018 is \$268,664,117.35, which is primarily due to the revaluation of the investments.

STAFF REMUNERATION, RETIREMENT AND BENEFITS SCHEME

2018, the Company has staff remuneration, retirement and benefits scheme. The total remuneration paid to staff during the year ended 31 December 2018 is \$1,639.78 (2017: \$1,639.78). The Company has a retirement and benefits scheme for its staff. The total contribution to the scheme during the year ended 31 December 2018 is \$1,639.78 (2017: \$1,639.78).

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

As at 31 December 2018, the Company has no purchase, sale and redemption of the company's listed securities.

PRE-EMPTIVE RIGHTS

The Company has no pre-emptive rights.

MAJOR LITIGATION

The Company has no major litigation as of December 31, 2018.

MODEL CODE

The Company has adopted the NASDAQ listing standards, which require the Company to have a code of ethics for its officers and directors. The Company's code of ethics is available on its website at www.abc.com.

CORPORATE GOVERNANCE CODE

The Company has adopted the NASDAQ listing standards, which require the Company to have a code of ethics for its officers and directors. The Company's code of ethics is available on its website at www.abc.com. The Company also has a code of business conduct and ethics for its employees, which is available on its website at www.abc.com. The Company's code of ethics and code of business conduct and ethics are incorporated by reference into this report.

AUDIT COMMITTEE

The Audit Committee consists of three independent non-executive directors. The Audit Committee's charter is available on the Company's website at www.abc.com. The Audit Committee met 14 times during the year ended December 31, 2018.

AUDITORS

T B C 31 2018
 C A , w w
 2017 S C .
 w B2.50 .T w
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 w 2018
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OUTLOOK

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Harbin Electric Company Limited
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