



哈尔滨电气股份有限公司

HARBIN ELECTRIC COMPANY LIMITED

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

(Stock Code: 1133)

INTERIM RESULTS ANNOUNCEMENT 2018

Board

Company

Group

CONSOLIDATION BALANCE SHEET

Item	June 30, 2018	
Current assets:		
Cash and cash equivalents	9,609,472,261.01	9,609,472,261.01
△ Accounts receivable		
△ Prepaid expenses	200,000,000.00	200,000,000.00
Financial assets at fair value through profit or loss	1,028,636,621.75	1,028,636,621.75
Financial assets at fair value through other comprehensive income		
Investments in subsidiaries	14,518,972,764.04	14,518,972,764.04
Investments in associates	3,964,352,058.72	3,964,352,058.72
△ Investments in structured entities		
△ Available-for-sale financial assets		
△ Held-to-maturity investments		
△ Financial assets at cost		
Financial assets at amortized cost	1,030,155,061.77	1,030,155,061.77
△ Financial assets at fair value through profit or loss		
Financial assets at fair value through other comprehensive income	10,962,769,279.71	10,962,769,279.71
Financial assets at cost	3,295,260,464.02	3,295,260,464.02
Financial assets at amortized cost	439,925,646.35	439,925,646.35
Financial assets at fair value through profit or loss	3,676,585,761.88	3,676,585,761.88
Financial assets at fair value through other comprehensive income		
Financial assets at cost	49,300,000.00	49,300,000.00
Financial assets at amortized cost	2,677,121,050.53	2,677,121,050.53
Total current assets	47,717,364,859.41	47,717,364,859.41

CONSOLIDATION BALANCE SHEET (CONTINUED)

Item	June 30, 2018	
Non-current assets:		
△ Land use rights	10,776,306.00	10,776,306.00
Investment properties		
Investment in subsidiaries	4,007,882.07	4,007,882.07
Investment in associates and joint ventures	214,117,000.54	214,117,000.54
Investment in structured entities	107,095,000.00	107,095,000.00
Investment in financial assets at fair value through profit or loss		
Investment in equity instruments at fair value through profit or loss	233,426,761.59	233,426,761.59
Investment in debt instruments at fair value through profit or loss	13,546,049,165.93	13,546,049,165.93
Investment in debt instruments at fair value through other comprehensive income	7,695,494,734.38	7,695,494,734.38
Investment in equity instruments at fair value through other comprehensive income	5,850,554,431.55	5,850,554,431.55
Investment in financial assets at amortized cost	48,442,947.49	48,442,947.49
Investment in debt instruments at amortized cost	5,802,111,484.06	5,802,111,484.06
Investment in equity instruments at amortized cost	875,887,341.18	875,887,341.18
Investment in structured entities		
Investment in structured entities	774,747,929.21	774,747,929.21
Investment in structured entities	279,733,601.33	279,733,601.33
Investment in structured entities		
Investment in structured entities	37,076,791.74	37,076,791.74
Investment in structured entities	435,428,166.55	435,428,166.55
Investment in structured entities		
Investment in structured entities		
Total non-current assets	8,774,408,264.27	8,774,408,264.27
Total assets	56,491,773,123.68	56,491,773,123.68

CONSOLIDATION BALANCE SHEET (CONTINUED)

Item	June 30, 2018	
Current liabilities:		
Accounts payable	1,382,623,534.19	
△ Accounts payable		
△ Accounts payable	1,563,132,585.80	
△ Accounts payable	300,000,000.00	
Accounts payable		
Accounts payable		
Accounts payable	18,276,609,521.90	
Accounts payable		
Accounts payable	16,190,208,363.72	
△ Accounts payable		
△ Accounts payable		
Accounts payable	287,387,435.90	
Accounts payable	72,004,055.11	
Accounts payable	4,946,903.98	
Accounts payable		
Accounts payable	222,104,563.79	
Accounts payable	213,728,240.89	
Accounts payable	221,809,493.22	
△ Accounts payable		
△ Accounts payable		
△ Accounts payable		
△ Accounts payable		
Accounts payable		
Accounts payable	170,173.80	
Accounts payable		
TOTAL CURRENT LIABILITIES	38,444,045,672.32	

CONSOLIDATION BALANCE SHEET (CONTINUED)

Item	June 30, 2018	June 30, 2017
Non-current liabilities:		
Long-term bank loans	500,000,000.00	500,000,000.00
Long-term payables		
Long-term payables to related parties		
Long-term payables to non-related parties		
Long-term payables to non-related parties	485,953,994.29	485,953,994.29
Long-term payables to non-related parties	141,039,180.93	141,039,180.93
Long-term payables to non-related parties	574,964,304.08	574,964,304.08
Long-term payables to non-related parties	155,982,266.09	155,982,266.09
Long-term payables to non-related parties		
Long-term payables to non-related parties		
Long-term payables to non-related parties		
Long-term payables to non-related parties		
TOTAL NON-CURRENT LIABILITIES	1,857,939,745.39	1,857,939,745.39
TOTAL LIABILITIES	40,301,985,417.71	40,301,985,417.71

Item	June 30, 2018	June 30, 2017
Owners' (Shareholders') equity:		
Common stock, \$0.01 par value, 100,000,000 shares authorized, 170,652,300 shares issued and outstanding	1,706,523,000.00	1,706,523,000.00
Preferred stock, \$0.01 par value, 100,000,000 shares authorized, 103,095,200 shares issued and outstanding	1,030,952,000.00	1,030,952,000.00
Additional paid-in capital	1,030,952,000.00	1,030,952,000.00
Retained earnings		
Beginning balance		
Net income		
Dividends		
Ending balance	675,571,000.00	675,571,000.00
Total	1,706,523,000.00	1,706,523,000.00
Accumulated other comprehensive income		
Beginning balance		
Net income		
Dividends		
Ending balance	3,704,487,494.12	3,704,487,494.12
Accumulated other comprehensive income		
Beginning balance		
Net income		
Dividends		
Ending balance	-190,451.03	-190,451.03
Accumulated other comprehensive income		
Beginning balance		
Net income		
Dividends		
Ending balance	148,504.77	148,504.77
Accumulated other comprehensive income		
Beginning balance		
Net income		
Dividends		
Ending balance	26,115,497.27	26,115,497.27
Accumulated other comprehensive income		
Beginning balance		
Net income		
Dividends		
Ending balance	786,529,945.86	786,529,945.86
Accumulated other comprehensive income		
Beginning balance		
Net income		
Dividends		
Ending balance	786,529,945.86	786,529,945.86
Accumulated other comprehensive income		
Beginning balance		
Net income		
Dividends		
Ending balance		
Accumulated other comprehensive income		
Beginning balance		
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Accumulated other comprehensive income		
Beginning balance		
Net income		
Dividends		
Ending balance		</

CONSOLIDATED INCOME STATEMENT

Consolidated Income Statement		January to June 2018	
Item		January to June 2018	January to June 2017
I. Total operating income		12,978,747,387.39	12,731,936,330.66
Operating income		12,731,936,330.66	12,731,936,330.66
△ Operating income		246,772,517.95	246,772,517.95
△ Operating income			
△ Operating income			
Operating income		38,538.78	38,538.78
II. Total operating cost		12,842,227,104.72	12,842,227,104.72
Operating cost		11,216,343,737.26	11,216,343,737.26
△ Operating cost		6,230,313.71	6,230,313.71
△ Operating cost		10,337.62	10,337.62
△ Operating cost			
△ Operating cost			
△ Operating cost			
△ Operating cost			
△ Operating cost			
Operating cost		101,237,278.86	101,237,278.86
Operating cost		237,364,912.58	237,364,912.58
Operating cost		757,860,374.13	757,860,374.13
Operating cost		20,746.83	20,746.83
Operating cost		137,705,140.13	137,705,140.13
Operating cost		65,222,739.57	65,222,739.57
Operating cost		86,412,707.43	86,412,707.43
Operating cost		29,402,604.12	29,402,604.12
Operating cost			
Operating cost		3,959,921.87	3,959,921.87
Operating cost			
Operating cost		320,252,270.86	320,252,270.86
Operating cost			
Operating cost		4,061,461.07	4,061,461.07
Operating cost		42,539,960.96	42,539,960.96
Operating cost			
Operating cost		429,708.77	429,708.77
Operating cost			
Operating cost			
Operating cost			
Operating cost			
Operating cost		317,323.85	317,323.85
Operating cost		-1,003.45	-1,003.45

CONSOLIDATED INCOME STATEMENT (CONTINUED)

Item	January to June 2018	January to June 2017
III. Operating profits (“-” for losses)	183,438,025.10	-
Operating profits from continuing operations	22,413,873.87	-
Operating profits from discontinued operations	2,088,940.04	-
Operating profits from equity method investments	-	-
Operating profits from other investments	-	-
Operating profits from other business	-	-
Operating profits from other business	4,534,605.91	-
Operating profits from other business	-	-
Operating profits from other business	61,084,827.05	-
Operating profits from other business	1,336,090.76	-
Operating profits from other business	-	-
Operating profits from other business	-	-
Operating profits from other business	-	-
IV. Total profits (“-” for total losses)	144,767,071.92	-
Total profits from continuing operations	78,533,914.49	-
Total profits from discontinued operations	-	-
V. Net profit (“-” for net losses)	66,233,157.43	-
Net profit from continuing operations	-	-
Net profit from discontinued operations	66,233,157.43	-
Net profit from equity method investments	-	-
Net profit from other investments	-	-
Net profit from other business	-	-
Net profit from other business	-	-
Net profit from other business	30,768,718.70	-
Net profit from other business	35,464,438.73	-
Net profit from other business	-	-

CONSOLIDATED INCOME STATEMENT (CONTINUED)

[illegible]
$$= \frac{1}{\sqrt{\pi}} \int_{-\infty}^{\infty} e^{-t^2} dt = \frac{1}{\sqrt{\pi}} \left(\int_{-\infty}^0 e^{-t^2} dt + \int_0^{\infty} e^{-t^2} dt \right) = \frac{1}{\sqrt{\pi}} \left(\int_0^{\infty} e^{-t^2} dt + \int_0^{\infty} e^{-t^2} dt \right)$$

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

Item	January to June 2018	January to June 2017
II. CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property, plant and equipment	1,017,000,000.00	5,000,000.00
Acquisition of intangible assets	34,579,376.70	1,000,000.00
Disposal of property, plant and equipment, net of disposal costs		1,000,000.00
Disposal of intangible assets	2,840,930.08	1,000,000.00
Change in receivables from customers		1,000,000.00
Change in payables to suppliers		1,000,000.00
Change in other assets and liabilities		1,000,000.00
Net cash flows from investing activities	<u>1,054,420,306.78</u>	<u>5,000,000.00</u>
Net cash flows from operating activities		
Net cash flows from financing activities		
Net cash flows from investing activities	195,609,400.55	1,000,000.00
Net cash flows from operating activities	1,148,000,000.00	1,000,000.00
Net cash flows from financing activities		
Net cash flows from investing activities		
Net cash flows from operating activities		
Net cash flows from financing activities		
Net cash flows from investing activities	<u>32,621,665.76</u>	<u>1,000,000.00</u>
Net cash flows from operating activities		
Net cash flows from financing activities		
Net cash flows from investing activities	<u>1,376,231,066.31</u>	<u>1,000,000.00</u>
Net cash flows from operating activities		
Net cash flows from financing activities		
Net cash flows from investing activities	<u>-321,810,759.53</u>	<u>1,000,000.00</u>

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

Item	January to June 2018	January to June 2017
III.CASH FLOWS FROM FINANCING ACTIVITIES:		
1. Cash inflows from financing activities		
1.1 Cash inflows from issuing shares	769,550,061.55	-
△ Cash inflows from other financing activities	3,336.38	-
Sub-total of cash inflows from financing activities	769,553,397.93	-
2. Cash outflows from financing activities	4,972,711,610.28	-
2.1 Cash outflows from repurchasing shares	269,162,279.19	-
2.2 Cash outflows from other financing activities	158,443,661.88	-
Sub-total of cash outflows from financing activities	5,400,317,551.35	-
NET CASH FLOWS FROM FINANCING ACTIVITIES	-4,630,764,153.42	-
IV.EFFECT OF FLUCTUATION IN EXCHANGE RATE ON CASH AND CASH EQUIVALENTS		
	-12,895,939.19	-
V. NET INCREASE IN CASH AND CASH EQUIVALENTS	-6,291,159,603.67	-
1. Cash and cash equivalents at the beginning of the period	15,206,290,892.00	-
VI.ENDING BALANCE OF CASH AND CASH EQUIVALENTS	8,915,131,288.33	-
The consolidated cash flow statement is prepared on the basis of the consolidated financial statements of the Company and its subsidiaries, and is audited by the independent audit firm.		

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

January to June 2018													
Equity attributable to owners of the parent company													
Item	Other equity instrument					Paid-in capital (or share capital)	Other comprehensive income					Total owners' equity	
	Preferred stocks	Perpetual capital securities	Others	Capital reserves	Less: Treasury stock		Special reserves	Surplus reserves	△ General risk reserves	Undistributed profits	Others		Subtotal
I. Balance at the end of the last year	1,706,523,000.00			3,690,197,230.17		18,514,209.22	19,377,426.96	786,529,945.86	8,649,609,089.09		14,870,750,901.30	1,271,400,777.32	16,142,151,678.62
II. Balance at the beginning of the year	1,706,523,000.00			3,690,197,230.17		18,514,209.22	19,377,426.96	786,529,945.86	8,649,609,089.09		14,870,750,901.30	1,271,400,777.32	16,142,151,678.62
III. Increases/decreases in the current period ("+" for decreases)				14,290,263.95	-18,704,660.25	839,834.09	6,738,070.31		31,230,199.49	33,553,873.50	33,553,873.50	14,082,153.85	47,636,027.35
				14,290,263.95					30,768,718.70	31,608,552.79	31,608,552.79	35,464,438.73	67,072,991.52
										14,290,263.95	14,290,263.95	5,625,000.00	19,915,263.95

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY (CONTINUED)

[illegible]

1. INFORMATION ABOUT THE COMPANY

The company is a private limited company, incorporated in India, with its registered office at [Address]. The company is engaged in the business of [Business Description]. The company has a share capital of [Share Capital] and is owned by [Shareholders]. The company has a turnover of [Turnover] for the year ended [Year]. The company has a net profit of [Net Profit] for the year ended [Year]. The company has a net asset of [Net Asset] as at [Date].

The company has a net liability of [Net Liability] as at [Date].

The company has a net worth of [Net Worth] as at [Date]. The company has a net worth of [Net Worth] as at [Date]. The company has a net worth of [Net Worth] as at [Date]. The company has a net worth of [Net Worth] as at [Date].

2. MAIN ACCOUNTING POLICIES

The company has adopted the following accounting policies for the purpose of preparing the financial statements:

The company has adopted the following accounting policies for the purpose of preparing the financial statements:

3. INCOMES AND DIVISION'S DOCUMENTS

1) Account policies and gist of confirmation of the divisions' report

The company has adopted the following accounting policies for the purpose of preparing the financial statements:

The company has adopted the following accounting policies for the purpose of preparing the financial statements:

2) Financial information of divisions

(1) Assets, liabilities and revenue of divisions

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 2018							
Fixed assets	40,483,693,204.38	5,149,103,719.14	5,089,545,391.45	1,296,620,881.53	6,479,862,663.44	5,847,905,479.86	64,346,731,339.80
Current assets	32,350,696,595.03	2,984,650,213.72	4,614,239,720.00	941,000,117.50	4,765,278,967.89	4,733,712,153.06	50,389,577,767.20
	<u>72,834,389,799.41</u>	<u>8,133,753,932.86</u>	<u>9,703,785,111.45</u>	<u>2,237,620,999.03</u>	<u>11,245,141,631.33</u>	<u>10,581,617,632.92</u>	<u>114,736,309,106.99</u>
January to June 2018							
Revenue	6,246,772,675.10	771,881,980.30	3,812,798,546.75	265,191,255.73	574,953,516.03	1,060,338,356.75	12,731,936,330.66
Cost of sales	1,297,613,442.97					25,451,274.79	1,323,064,717.76
Revenue from operations	7,544,386,118.07	771,881,980.30	3,812,798,546.75	265,191,255.73	574,953,516.03	1,085,789,631.54	14,055,001,048.42
Revenue from other divisions	975,575,428.03	79,900,909.81	18,213,361.36	49,683,585.68	102,838,375.32	329,171,139.67	1,555,382,799.87
	<u>8,519,961,546.10</u>	<u>851,782,890.11</u>	<u>3,831,011,908.11</u>	<u>314,874,841.41</u>	<u>677,791,891.35</u>	<u>1,414,960,771.21</u>	<u>15,610,389,846.80</u>
Profit from operations	6,246,772,675.10	771,881,980.30	3,812,798,546.75	265,191,255.73	574,953,516.03	1,060,338,356.75	12,731,936,330.66
Profit from other divisions	975,575,428.03	79,900,909.81	18,213,361.36	49,683,585.68	102,838,375.32	329,171,139.67	1,555,382,799.87
	<u>7,222,348,103.13</u>	<u>851,782,890.11</u>	<u>3,831,011,908.11</u>	<u>314,874,841.41</u>	<u>677,791,891.35</u>	<u>1,389,509,496.42</u>	<u>14,287,319,130.53</u>
31 December 2017							
Fixed assets	40,483,693,204.38	5,149,103,719.14	5,089,545,391.45	1,296,620,881.53	6,479,862,663.44	5,847,905,479.86	64,346,731,339.80
Current assets	32,350,696,595.03	2,984,650,213.72	4,614,239,720.00	941,000,117.50	4,765,278,967.89	4,733,712,153.06	50,389,577,767.20
	<u>72,834,389,799.41</u>	<u>8,133,753,932.86</u>	<u>9,703,785,111.45</u>	<u>2,237,620,999.03</u>	<u>11,245,141,631.33</u>	<u>10,581,617,632.92</u>	<u>114,736,309,106.99</u>
January to June 2017							
Revenue	6,246,772,675.10	771,881,980.30	3,812,798,546.75	265,191,255.73	574,953,516.03	1,060,338,356.75	12,731,936,330.66
Cost of sales	1,297,613,442.97					25,451,274.79	1,323,064,717.76
Revenue from operations	7,544,386,118.07	771,881,980.30	3,812,798,546.75	265,191,255.73	574,953,516.03	1,085,789,631.54	14,055,001,048.42
Revenue from other divisions	975,575,428.03	79,900,909.81	18,213,361.36	49,683,585.68	102,838,375.32	329,171,139.67	1,555,382,799.87
	<u>8,519,961,546.10</u>	<u>851,782,890.11</u>	<u>3,831,011,908.11</u>	<u>314,874,841.41</u>	<u>677,791,891.35</u>	<u>1,414,960,771.21</u>	<u>15,610,389,846.80</u>

(2) Assets, revenue and liabilities of divisions

Items	30 June 2018	30 June 2017
Assets		
Current assets	64,346,731,339.80	64,346,731,339.80
Non-current assets	-17,846,990,204.51	-17,846,990,204.51
Current liabilities	46,499,741,135.29	46,499,741,135.29
Non-current liabilities	435,428,166.55	435,428,166.55
Equity	1,028,636,621.75	1,028,636,621.75
Other items	6,324,144,449.45	6,324,144,449.45
Other items	597,020,056.42	597,020,056.42
Other items	6,633,098.27	6,633,098.27
Other items	1,600,169,595.95	1,600,169,595.95
Other items	56,491,773,123.68	56,491,773,123.68
Liabilities		
Current liabilities	50,389,577,767.20	50,389,577,767.20
Non-current liabilities	-12,200,986,991.52	-12,200,986,991.52
Equity	38,188,590,775.68	38,188,590,775.68
Other items	222,104,563.79	222,104,563.79
Other items	1,891,290,078.24	1,891,290,078.24
Other items	40,301,985,417.71	40,301,985,417.71

Items	January to June in 2018	January to June in 2017
Revenue		
Revenue from external customers	12,731,936,330.66	12,731,936,330.66
Revenue from internal customers	1,323,064,717.76	1,323,064,717.76
Revenue from other customers	14,055,001,048.42	14,055,001,048.42
Revenue from other customers	1,555,382,799.87	1,555,382,799.87
Revenue from other customers	39,790,206.47	39,790,206.47
Revenue from other customers	1,515,592,593.40	1,515,592,593.40
Revenue from other customers	429,708.77	429,708.77
Revenue from other customers	276,175,122.07	276,175,122.07
Revenue from other customers	8,596,066.98	8,596,066.98
Revenue from other customers		
Revenue from other customers		
Revenue from other customers		
Revenue from other customers	92,643,021.14	92,643,021.14
Revenue from other customers		
Revenue from other customers	282,731.43	282,731.43
Revenue from other customers		
Revenue from other customers	30,941,775.20	30,941,775.20
Revenue from other customers		
Revenue from other customers	1,594,042,441.94	1,594,042,441.94
Revenue from other customers		
Revenue from other customers	144,767,071.92	144,767,071.92

(3) Regional information

Items	Revenue from external customers	
	January to June in 2018	January to June in 2017
Revenue from external customers	8,926,611,980.71	8,926,611,980.71
Revenue from external customers		
Revenue from external customers	629,817,786.83	629,817,786.83
Revenue from external customers	273,777,633.69	273,777,633.69
Revenue from external customers	2,372,658,716.02	2,372,658,716.02
Revenue from external customers	278,157,171.20	278,157,171.20
Revenue from external customers	77,787,500.17	77,787,500.17
Revenue from external customers	85,710,911.82	85,710,911.82
Revenue from external customers	87,414,630.22	87,414,630.22
Revenue from external customers	3,805,324,349.95	3,805,324,349.95
Revenue from external customers		
Revenue from external customers	12,731,936,330.66	12,731,936,330.66

Items	January to June in 2018	January to June in 2019
1. The number of items sold in the first quarter of 2018 was 10,000 units.	10,000	10,000
2. The number of items sold in the second quarter of 2018 was 12,000 units.	12,000	12,000
3. The number of items sold in the third quarter of 2018 was 15,000 units.	15,000	15,000
4. The number of items sold in the fourth quarter of 2018 was 18,000 units.	18,000	18,000
5. The number of items sold in the first quarter of 2019 was 20,000 units.	20,000	20,000
6. The number of items sold in the second quarter of 2019 was 22,000 units.	22,000	22,000
7. The number of items sold in the third quarter of 2019 was 25,000 units.	25,000	25,000
8. The number of items sold in the fourth quarter of 2019 was 28,000 units.	28,000	28,000

Items	January to June in 2018	January to June in 2017
Operating income	321,724,211.70	320,252,270.86
Financial income	-1,736,378.11	-1,736,378.11
Income before income taxes	264,437.27	264,437.27
Income taxes		
Income after income taxes	320,252,270.86	320,252,270.86

Items	January to June in 2018
1. Investment in subsidiaries	66,233,157.43
2. Investment in associates	78,533,914.49
3. Investment in subsidiaries, associates and joint ventures	340,667,834.41
4. Investment in subsidiaries, associates and joint ventures	30,784,197.09
5. Investment in subsidiaries, associates and joint ventures	6,185,244.05
6. Investment in subsidiaries, associates and joint ventures	71,942,565.08
7. Investment in subsidiaries, associates and joint ventures	246,772,517.95
8. Investment in subsidiaries, associates and joint ventures	86,412,707.43
9. Investment in subsidiaries, associates and joint ventures	6,230,313.71
10. Investment in subsidiaries, associates and joint ventures	296,332,285.58

8. DIVIDEND

Items	January to June in 2018	January to June in 2017
Dividend paid to shareholders of the company	25,597,845.00	-
		-
	25,597,845.00	-

Dividend paid to shareholders of the company is calculated based on the number of shares held by the shareholders as of the end of the reporting period.

9. EARNINGS PER SHARE:

	January to June in 2018	January to June in 2017
Profit attributable to equity holders of the company	30,768,718.70	22,542,222.22
Weighted average number of shares outstanding	1,706,523,000.00	1,706,523,000.00
Earnings per share	0.02	-

The weighted average number of shares outstanding is calculated based on the number of shares held by the shareholders as of the end of the reporting period.

10. INCOME TAX

1) Enterprise income tax

The company is a resident enterprise in China and is subject to enterprise income tax at the rate of 25% on its taxable income.

The company has applied for and obtained the qualification for being a high-tech enterprise. According to the relevant provisions of the Chinese tax laws, the company is entitled to a 15% enterprise income tax rate. The company has applied for and obtained the qualification for being a high-tech enterprise. According to the relevant provisions of the Chinese tax laws, the company is entitled to a 15% enterprise income tax rate.

The company has applied for and obtained the qualification for being a high-tech enterprise. According to the relevant provisions of the Chinese tax laws, the company is entitled to a 15% enterprise income tax rate. The company has applied for and obtained the qualification for being a high-tech enterprise. According to the relevant provisions of the Chinese tax laws, the company is entitled to a 15% enterprise income tax rate.

2) Hong Kong profits tax

3)

11. NOTE RECEIVABLE AND ACCOUNTS RECEIVABLE

Item	30 June 2018	30 June 2017
Cost of sales	2,989,774,372.92	2,989,774,372.92
Cost of sales	11,529,198,391.12	11,529,198,391.12
Cost of sales	14,518,972,764.04	14,518,972,764.04

(1) Note receivable

1) Classified by types of notes receivable

Items	30 June 2018	
Cost of sales	2,468,095,119.64	
Cost of sales	521,679,253.28	
	2,989,774,372.92	

(2) Accounts receivable

As at 30 June 2018, the carrying amount of accounts receivable was HK\$11,529,198,391.12 (2017: HK\$11,401,503,653.92). The carrying amount of accounts receivable was determined by deducting the provision for bad debt from the remaining carrying amount of accounts receivable.

1) Disclosure by types of accounts receivable

Type			30 June 2018		Carrying Value	Reasons for provision			
	Remaining carrying amount		Provision for bad debt			Accounts receivable from related parties			
	Amount	Ratio	Amount	Ratio		Accounts receivable from other parties			
						Provided			
					Not provided	Not provided	Not provided	Not provided	
Accounts receivable from related parties									
Accounts receivable from other parties	525,674,869.65	3.01	428,268,100.48	81.47	97,406,769.17	Accounts receivable from related parties	Accounts receivable from other parties	Accounts receivable from related parties	Accounts receivable from other parties
Accounts receivable from related parties	16,778,412,925.96	95.90	5,376,909,272.04	32.05	11,401,503,653.92	Accounts receivable from related parties	Accounts receivable from other parties	Accounts receivable from related parties	Accounts receivable from other parties
Accounts receivable from other parties	190,945,634.28	1.09	160,657,666.25	84.14	30,287,968.03	Accounts receivable from related parties	-	Accounts receivable from other parties	-
	<u>17,495,033,429.89</u>	<u>/</u>	<u>5,965,835,038.77</u>	<u>/</u>	<u>11,529,198,391.12</u>	<u>Accounts receivable from related parties</u>	<u>-</u>	<u>Accounts receivable from other parties</u>	<u>-</u>

The carrying amount of accounts receivable from related parties was determined by deducting the provision for bad debt from the remaining carrying amount of accounts receivable from related parties.

Accounts receivable (By Unit)	30 June 2018				Reasons for provision
	Accounts receivable	Provision for bad debt	Provided ratio		
Accounts receivable from related parties	525,674,869.65	428,268,100.48	81.47	/	
Accounts receivable from other parties	525,674,869.65	428,268,100.48	81.47	/	

The carrying amount of accounts receivable from other parties was determined by deducting the provision for bad debt from the remaining carrying amount of accounts receivable from other parties.

Accounts receivable (By units)	30 June 2018				Reasons for provision
	Accounts receivable	Provision for bad debt	Provided Ratio		
Accounts receivable from related parties	190,945,634.28	160,657,666.25	84.14	/	
Accounts receivable from other parties	190,945,634.28	160,657,666.25	84.14	/	

Age	30 June 2018		Provided ratio			
	Accounts receivable	Provision for bad debt				
Not more than 30 days	7,323,716,478.72	297,840,775.13	4.07			
31 to 60 days	2,647,024,798.60	539,784,935.47	20.39			
61 to 90 days	1,782,481,217.29	628,854,333.95	35.28			
91 to 120 days	1,522,166,421.60	808,030,183.67	53.08			
More than 120 days	1,005,888,668.55	693,390,177.73	68.93			
Total	<u>2,497,135,341.20</u>	<u>2,409,008,866.09</u>	<u>96.47</u>			
	<u>16,778,412,925.96</u>	<u>5,376,909,272.04</u>	<u>/</u>			

12. NOTES PAYABLE AND ACCOUNTS PAYABLE

Type	30 June 2018	
Notes payable	4,697,585,188.43	
Accounts payable	<u>13,579,024,333.47</u>	
Total	<u>18,276,609,521.90</u>	

(1) Notes payable

Type	30 June 2018	
Notes payable	3,770,096,653.16	
Accounts payable	<u>927,488,535.27</u>	
Total	<u>4,697,585,188.43</u>	

(2) Accounts payable

1) List of accounts payable

Items	30 June 2018	
Accounts payable	10,368,978,383.86	
Notes payable	1,618,262,187.26	
Accounts payable	563,586,666.18	
Accounts payable	<u>1,028,197,096.17</u>	
Total	<u>13,579,024,333.47</u>	

INDUSTRY DEVELOPMENT AND BUSINESS REVIEW

During the reporting period, the Company has continued to actively explore and develop new business opportunities, and has achieved significant progress in the development of new businesses. The Company has successfully completed the acquisition of [Company Name], which has significantly enhanced the Company's market position and competitive advantage. In addition, the Company has also actively explored new business opportunities in the [Industry Name] field, and has achieved significant progress in the development of new businesses. The Company has successfully completed the acquisition of [Company Name], which has significantly enhanced the Company's market position and competitive advantage. In addition, the Company has also actively explored new business opportunities in the [Industry Name] field, and has achieved significant progress in the development of new businesses. The Company has successfully completed the acquisition of [Company Name], which has significantly enhanced the Company's market position and competitive advantage. In addition, the Company has also actively explored new business opportunities in the [Industry Name] field, and has achieved significant progress in the development of new businesses.

During the reporting period, the Company has continued to actively explore and develop new business opportunities, and has achieved significant progress in the development of new businesses. The Company has successfully completed the acquisition of [Company Name], which has significantly enhanced the Company's market position and competitive advantage. In addition, the Company has also actively explored new business opportunities in the [Industry Name] field, and has achieved significant progress in the development of new businesses. The Company has successfully completed the acquisition of [Company Name], which has significantly enhanced the Company's market position and competitive advantage. In addition, the Company has also actively explored new business opportunities in the [Industry Name] field, and has achieved significant progress in the development of new businesses.

OPERATING RESULTS

During the reporting period, the Company has achieved significant operating results. The Company's operating income has increased by [Percentage] compared to the same period of the previous year, and the Company's net profit has increased by [Percentage] compared to the same period of the previous year. The Company's operating results have been significantly improved, and the Company's market position and competitive advantage have been significantly enhanced. In addition, the Company has also actively explored new business opportunities in the [Industry Name] field, and has achieved significant progress in the development of new businesses. The Company has successfully completed the acquisition of [Company Name], which has significantly enhanced the Company's market position and competitive advantage. In addition, the Company has also actively explored new business opportunities in the [Industry Name] field, and has achieved significant progress in the development of new businesses.

$\text{Net Profit} = \text{Sales} - \text{Cost of Sales} - \text{Operating Expenses} - \text{Interest Expense} - \text{Income Tax Expense}$
 $\text{Net Profit} = \$1,000,000 - \$600,000 - \$150,000 - \$50,000 - \$50,000 = \$150,000$
 $\text{Net Profit Margin} = \frac{\text{Net Profit}}{\text{Sales}} = \frac{\$150,000}{\$1,000,000} = 15\%$

$\text{Operating Profit} = \text{Sales} - \text{Cost of Sales} - \text{Operating Expenses}$
 $\text{Operating Profit} = \$1,000,000 - \$600,000 - \$150,000 = \$250,000$
 $\text{Operating Profit Margin} = \frac{\text{Operating Profit}}{\text{Sales}} = \frac{\$250,000}{\$1,000,000} = 25\%$

$\text{Gross Profit} = \text{Sales} - \text{Cost of Sales}$
 $\text{Gross Profit} = \$1,000,000 - \$600,000 = \$400,000$
 $\text{Gross Profit Margin} = \frac{\text{Gross Profit}}{\text{Sales}} = \frac{\$400,000}{\$1,000,000} = 40\%$

GROSS PROFIT AND GROSS PROFIT MARGIN

$\text{Gross Profit} = \text{Sales} - \text{Cost of Sales}$
 $\text{Gross Profit} = \$1,000,000 - \$600,000 = \$400,000$
 $\text{Gross Profit Margin} = \frac{\text{Gross Profit}}{\text{Sales}} = \frac{\$400,000}{\$1,000,000} = 40\%$

$\text{Gross Profit} = \text{Sales} - \text{Cost of Sales}$
 $\text{Gross Profit} = \$1,000,000 - \$600,000 = \$400,000$
 $\text{Gross Profit Margin} = \frac{\text{Gross Profit}}{\text{Sales}} = \frac{\$400,000}{\$1,000,000} = 40\%$
 $\text{Operating Profit} = \text{Sales} - \text{Cost of Sales} - \text{Operating Expenses}$
 $\text{Operating Profit} = \$1,000,000 - \$600,000 - \$150,000 = \$250,000$
 $\text{Operating Profit Margin} = \frac{\text{Operating Profit}}{\text{Sales}} = \frac{\$250,000}{\$1,000,000} = 25\%$
 $\text{Net Profit} = \text{Sales} - \text{Cost of Sales} - \text{Operating Expenses} - \text{Interest Expense} - \text{Income Tax Expense}$
 $\text{Net Profit} = \$1,000,000 - \$600,000 - \$150,000 - \$50,000 - \$50,000 = \$150,000$
 $\text{Net Profit Margin} = \frac{\text{Net Profit}}{\text{Sales}} = \frac{\$150,000}{\$1,000,000} = 15\%$

EXPENSES FOR THE PERIOD

ASSETS AND LIABILITIES

CAPITAL AND GEARING RATIO

$\text{Capital Gearing Ratio} = \frac{\text{Fixed Interest Bearing Capital}}{\text{Fixed Interest Bearing Capital} + \text{Ordinary Share Capital}}$

MONETARY CAPITAL AND CASH FLOWS

$\text{Monetary Capital} = \text{Share Capital} + \text{Reserves}$
 $\text{Cash Flows} = \text{Operating Activities} + \text{Investing Activities} + \text{Financing Activities}$
 $\text{Operating Activities} = \text{Net Profit} + \text{Depreciation} + \text{Amortisation} + \text{Increase in Debtors} + \text{Decrease in Creditors}$
 $\text{Investing Activities} = \text{Purchase of Fixed Assets} + \text{Sale of Fixed Assets} + \text{Purchase of Investments} + \text{Sale of Investments}$
 $\text{Financing Activities} = \text{Issue of Shares} + \text{Redemption of Shares} + \text{Issue of Debts} + \text{Redemption of Debts}$

FUNDING AND BORROWINGS

$\text{Funding} = \text{Share Capital} + \text{Reserves}$
 $\text{Borrowings} = \text{Debt Capital} + \text{Bank Loans} + \text{Overdrafts}$
 $\text{Share Capital} = \text{Authorized Share Capital} + \text{Issued Share Capital} + \text{Unissued Share Capital}$
 $\text{Reserves} = \text{Profit Reserve} + \text{General Reserve} + \text{Special Reserve}$
 $\text{Debt Capital} = \text{Long Term Debt} + \text{Short Term Debt}$
 $\text{Bank Loans} = \text{Term Loans} + \text{Overdrafts}$
 $\text{Overdrafts} = \text{Current Account Overdraft} + \text{Fixed Deposit Overdraft}$
 $\text{Long Term Debt} = \text{Preference Shares} + \text{Debentures}$
 $\text{Short Term Debt} = \text{Commercial Paper} + \text{Bankers' Acceptances}$
 $\text{Profit Reserve} = \text{Retained Earnings} + \text{Dividend Payout}$
 $\text{General Reserve} = \text{Surplus} + \text{Reserves}$
 $\text{Special Reserve} = \text{Reserves} + \text{Surplus}$
 $\text{Authorized Share Capital} = \text{Authorized Share Capital} + \text{Issued Share Capital} + \text{Unissued Share Capital}$
 $\text{Issued Share Capital} = \text{Issued Share Capital} + \text{Unissued Share Capital}$
 $\text{Unissued Share Capital} = \text{Unissued Share Capital} + \text{Issued Share Capital}$
 $\text{Retained Earnings} = \text{Retained Earnings} + \text{Dividend Payout}$
 $\text{Dividend Payout} = \text{Dividend Payout} + \text{Retained Earnings}$
 $\text{Surplus} = \text{Surplus} + \text{Reserves}$
 $\text{Reserves} = \text{Reserves} + \text{Surplus}$
 $\text{Long Term Debt} = \text{Long Term Debt} + \text{Short Term Debt}$
 $\text{Short Term Debt} = \text{Short Term Debt} + \text{Long Term Debt}$
 $\text{Term Loans} = \text{Term Loans} + \text{Overdrafts}$
 $\text{Overdrafts} = \text{Overdrafts} + \text{Term Loans}$
 $\text{Current Account Overdraft} = \text{Current Account Overdraft} + \text{Fixed Deposit Overdraft}$
 $\text{Fixed Deposit Overdraft} = \text{Fixed Deposit Overdraft} + \text{Current Account Overdraft}$
 $\text{Preference Shares} = \text{Preference Shares} + \text{Debentures}$
 $\text{Debentures} = \text{Debentures} + \text{Preference Shares}$
 $\text{Commercial Paper} = \text{Commercial Paper} + \text{Bankers' Acceptances}$
 $\text{Bankers' Acceptances} = \text{Bankers' Acceptances} + \text{Commercial Paper}$

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

During the reporting period, the Company has not made any major investments, acquisition or disposal of subsidiaries. The Company has no plan to make major investments or purchase of capital assets in the future.

The Company has no plan to make major investments or purchase of capital assets in the future.

The Company has no plan to make major investments or purchase of capital assets in the future.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Company has no exposure to fluctuations in exchange rates and related hedges.

TAX POLICIES

The Company is a high-tech enterprise. According to the relevant provisions of the "Regulations on the Management of High-tech Enterprises" (《高新技術企業認定管理辦法》), the Company has been recognized as a high-tech enterprise. The Company's income tax rate is 15%. The Company has no other tax policies.

《中華人民共和國增值稅暫行條例實施細則》, 2008年12月1日起實施。本公司將根據上述法規的規定, 適時調整其稅務政策。

2008年12月1日起, 根據《中華人民共和國增值稅暫行條例實施細則》, 本公司生產銷售的機器設備, 其增值稅稅率由17%調低至16%。

2009年1月1日起, 根據《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》, 本公司生產銷售的機器設備, 其增值稅稅率由16%調低至13%。

NEW PRODUCTS AND NEW INDUSTRIES

本公司正積極研發新產品及新技術, 以應付不斷變化的市場需求。本公司將繼續投入資源, 研發新產品及新技術, 以應付不斷變化的市場需求。本公司將繼續投入資源, 研發新產品及新技術, 以應付不斷變化的市場需求。

EMPLOYEES, REMUNERATION, STOCK OPTION PLAN AND TRAINING

本公司將繼續投入資源, 研發新產品及新技術, 以應付不斷變化的市場需求。本公司將繼續投入資源, 研發新產品及新技術, 以應付不斷變化的市場需求。

本公司將繼續投入資源, 研發新產品及新技術, 以應付不斷變化的市場需求。本公司將繼續投入資源, 研發新產品及新技術, 以應付不斷變化的市場需求。

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INTERIM DIVIDEND

PROSPECTS

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARE CAPITAL

Name of shareholders	Class of shares	Number of shares	Capacity	Percentage to underlying share capital	Percentage to total share capital
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DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S INTERESTS IN SHARE CAPITAL

As of 31 December 2019, the Directors, Supervisors and Senior Management of the Company did not hold any shares in the Company.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Directors' Securities Transactions as set out in Appendix 10 to the Listing Rules. The Company is committed to ensure that all Directors and Supervisors of the Company comply with the Model Code. The Company has provided training to all Directors and Supervisors of the Company on the Model Code and the Company's policies on Directors' and Supervisors' securities transactions.

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

The Company has not purchased, sold or redeemed any of its listed securities during the year.

CONTINGENT LIABILITIES

As of 31 December 2019, the Company did not have any contingent liabilities. The Company has no contingent liabilities as of 31 December 2019.

PLEDGE OF ASSETS

As of 31 December 2019, the Company did not have any assets pledged.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the Corporate Governance Code as set out in Appendix 10 to the Listing Rules. The Company is committed to ensure that all Directors and Supervisors of the Company comply with the Corporate Governance Code. The Company has provided training to all Directors and Supervisors of the Company on the Corporate Governance Code and the Company's policies on Directors' and Supervisors' securities transactions.

THE AUDIT COMMITTEE

AUDITORS

SHAREHOLDERS' MEETING

OTHER DISCLOSEABLE INFORMATION

DOCUMENTS AVAILABLE FOR INSPECTION

Harbin Electric Company Limited
Si Ze-fu

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