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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)

本公司董事会于2019年1月15日召开第十二次会议，审议通过了《关于披露2018年度经营业绩的议案》，同意披露2018年度经营业绩。2018年度经营业绩摘要如下：

The Board of Directors of Harbin Electric Company Limited (the “**Company**”) is pleased to announce the audited operating results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2018, which were prepared in accordance with the China Accounting Standards for Business Enterprises.

**流动资产**  
(Apart from special notes: the unit of amount is RMB)

	Notes	December 31, 2018	January 1, 2018	December 31, 2017
<b>流动资产：</b>				
Cash and bank		<b>12,543,251,700.19</b>	16,165,238,281.47	16,165,238,281.47
△ Settlement reserve				
△ Due from banks and other financial institutions		<b>600,000,000.00</b>		
☆ Transactional financial assets				
Financial assets at fair value through profit and loss				
Derivative assets				
Notes receivable and accounts receivable	2	<b>9,787,027,952.87</b>	11,585,761,383.44	14,951,037,967.00
Prepayments		<b>3,592,286,216.57</b>	5,389,851,256.88	5,389,851,256.88
△ Premium receivable				
△ Reinsurance premium receivable				
△ Reinsurance reserve receivable				
Other receivables		<b>1,270,159,303.49</b>	956,987,640.88	956,987,640.88
△ Buying back the sale of financial assets				
Inventories		<b>10,454,912,311.25</b>	12,099,669,344.43	15,546,042,302.41
Including: raw materials		<b>3,212,257,379.48</b>	3,480,285,176.50	3,480,285,176.50
Merchandise inventories (finished goods)		<b>344,585,898.98</b>	426,733,313.77	426,733,313.77
☆ Contract assets	3	<b>8,233,457,249.78</b>	6,811,649,541.54	
Held-for-sale assets				
Current portion of non-current assets		<b>49,955,000.00</b>		
Other current assets		<b>781,645,718.79</b>	3,009,630,060.28	3,009,630,060.28
<b>流动资产合计</b>		<b>47,312,695,452.94</b>	56,018,787,508.92	56,018,787,508.92

CHINA BANKING CORPORATION (CONTINUED)  
 (Apart from special notes: the unit of amount is RMB)

	Notes	December 31, 2018	January 1, 2018	December 31, 2017
△ Loans and advances issued			492,068.11	492,068.11
☆ Debt investments				
Available-for-sale financial assets				85,895,000.00
☆ Other debt investments			49,300,000.00	
Held-to-maturity investments				
Long-term receivables		3,358,126.45	2,831,982.28	2,831,982.28
Long-term equity investments		182,173,650.81	202,785,739.51	202,785,739.51
☆ Other equity instruments investments		716,953,772.26	36,595,000.00	
☆ Other non-current financial assets				
Investment property		233,173,255.85	230,786,722.78	230,786,722.78
Fixed assets		5,868,709,413.99	5,960,919,220.49	5,960,919,220.49
Construction in progress		664,086,992.85	863,769,342.73	863,769,342.73
productive biological assets				
Oil and gas assets				
Intangible assets		767,164,480.73	771,625,366.77	771,625,366.77
Development disbursements		274,062,234.32	239,205,849.67	239,205,849.67
Goodwill				
Long-term deferred expenses		29,463,079.46	30,412,529.89	30,412,529.89
Deferred tax assets		490,142,216.40	430,581,741.83	430,581,741.83
Other non-current assets				
Including: authorised reserve material				
		<u>9,229,287,223.12</u>	<u>8,819,305,564.06</u>	<u>8,819,305,564.06</u>
		<u>56,541,982,676.06</u>	<u>64,838,093,072.98</u>	<u>64,838,093,072.98</u>

CONTINGENT LIABILITIES (Continued)  
 (Apart from special notes: the unit of amount is RMB)

	Notes	December 31, 2018	January 1, 2018	December 31, 2017
<b>Contingent Liabilities:</b>				
Short-term borrowings		<b>1,572,908,534.19</b>	3,083,568,542.78	3,083,568,542.78
△ Borrowings from central bank				
△ Deposits and placements from other financial institutions		<b>1,701,564,614.29</b>	803,027,749.69	803,027,749.69
△ Placement from banks and other financial institutions		<b>300,000,000.00</b>		
☆ Transactional financial liabilities				
Financial liabilities at fair value through profit and loss				
Derivative liabilities				
Notes payable and Accounts payable	4	<b>19,051,847,769.30</b>	19,531,513,198.03	19,531,513,198.03
Advances from customers				19,691,124,928.12
☆ Contract liabilities	3	<b>14,596,720,387.12</b>	19,691,124,928.12	
△ Securities sold under agreement to repurchase				
△ Fees and commissions payable				
Employee benefits payable		<b>296,206,737.79</b>	319,715,914.16	319,715,914.16
Including: Salary payable		<b>47,549,236.28</b>	91,949,227.59	91,949,227.59
Welfare benefits payable		<b>20,641.00</b>		
# Including: Employee bonus and welfare fund				
Taxes and surcharges payable		<b>374,043,503.79</b>	240,442,949.52	240,442,949.52
Including: taxes payable excluding surcharges		<b>359,389,161.53</b>	227,313,951.19	227,313,951.19
Other payables		<b>282,211,997.43</b>	406,316,171.00	406,316,171.00
△ Reinsurance amounts payable				
△ Reserve of insurance contract				
△ Securities brokering				
△ Securities underwriting				
Held-for-sale liabilities				
Current portion of non-current liabilities		<b>200,000,000.00</b>	2,999,707,500.00	2,999,707,500.00
Other current liabilities		<b>188,548.80</b>	134,893.80	134,893.80
<b>Total</b>		<b>38,375,692,092.71</b>	47,075,551,847.10	47,075,551,847.10

CHINA TELECOM CORPORATION LIMITED (CORPORATE FINANCIAL STATEMENTS)  
 (Apart from special notes: the unit of amount is RMB)

	Notes	December 31, 2018	January 1, 2018	December 31, 2017
Long-term borrowings		300,000,000.00	200,000,000.00	200,000,000.00
Bonds payable				
Including: Preferred stocks				
Perpetual debts				
Long-term payable		484,843,694.29	485,953,994.29	485,953,994.29
Long-term employee benefits payable		142,308,359.65	141,039,180.93	141,039,180.93
Provisions		785,172,986.49	631,358,782.54	631,358,782.54
Deferred income		144,934,944.49	154,756,614.71	154,756,614.71
Deferred tax liabilities			7,280,974.79	7,280,974.79
Other non-current liabilities				
Including: authorized reserve fund				
		<u>1,857,259,984.92</u>	<u>1,620,389,547.26</u>	<u>1,620,389,547.26</u>
		<u>40,232,952,077.63</u>	<u>48,695,941,394.36</u>	<u>48,695,941,394.36</u>

CHINA TELECOM CORPORATION LIMITED (CORPORATE FINANCIAL STATEMENTS)

(Apart from special notes: the unit of amount is RMB)

	Notes	December 31, 2018	January 1, 2018	December 31, 2017
<b>Equity</b>				
<b>Equity attributable to owners of the parent</b>				
Paid-in capital (share capital)		1,706,523,000.00	1,706,523,000.00	1,706,523,000.00
State-owned capital		1,030,952,000.00	1,030,952,000.00	1,030,952,000.00
Including: State-owned legal person's capital		1,030,952,000.00	1,030,952,000.00	1,030,952,000.00
Collectively owned capital				
Private capital				
Including: Individual capital				
Foreign capital		675,571,000.00	675,571,000.00	675,571,000.00
#Less: payback capital				
Paid-in capital (share capital)-net value		1,706,523,000.00	1,706,523,000.00	1,706,523,000.00
Other equity instruments				
Including: Preferred stock				
Perpetual debt				
Capital reserve		3,715,737,494.12	3,690,197,230.17	3,690,197,230.17
Less: treasury shares				
Other comprehensive income		66,045,215.97	18,514,209.22	18,514,209.22
Including: Currency translation reserve		2,716,262.19	-691,329.32	-691,329.32
Specialized reserve		30,812,983.78	19,377,426.96	19,377,426.96
Surplus reserve		809,136,649.47	786,529,945.86	786,529,945.86
Including: Statutory surplus reserve		809,136,649.47	786,529,945.86	786,529,945.86
Other surplus reserve				
#Reserve fund				
#Corporate development fund				
#Return of investment				
△ General risk reserve				
Retained earnings	5	8,698,026,738.58	8,649,609,089.09	8,649,609,089.09
Equity attributable to parent company		<u>15,026,282,081.92</u>	<u>14,870,750,901.30</u>	<u>14,870,750,901.30</u>
Minority interests		<u>1,282,748,516.51</u>	<u>1,271,400,777.32</u>	<u>1,271,400,777.32</u>
<b>Equity</b>		<b>16,309,030,598.43</b>	<b>16,142,151,678.62</b>	<b>16,142,151,678.62</b>
<b>Liabilities</b>		<b>56,541,982,676.06</b>	<b>64,838,093,072.98</b>	<b>64,838,093,072.98</b>

Corporate representative:

Chief Accountant:

Accounting Supervisor:

**CONTINGENT LIABILITIES**  
(Apart from special notes: the unit of amount is RMB)

	Notes	Current Period	Prior Period
1. <b>Operating Revenue</b>		<b>26,302,310,419.37</b>	31,980,647,049.20
Including: Operating revenue	6	<b>25,879,460,850.62</b>	31,540,323,856.38
△ Interest income		<b>422,786,538.17</b>	440,314,100.89
△ Premium earned			
△ Fees and commissions income		<b>63,030.58</b>	9,091.93
2. <b>Operating Cost</b>		<b>26,407,437,378.71</b>	31,704,374,594.40
Including: Operating cost	6	<b>22,687,530,919.78</b>	27,267,954,227.34
△ Interest expenses		<b>20,736,138.63</b>	24,780,211.04
△ Fees and commissions expenses		<b>27,263.79</b>	15,292.72
△ Cash surrender amount			
△ Net expenses of claim settlement			
△ Net provisions for insurance contract reserves			
△ Policy dividend expenses			
△ Reinsurance expenses			
Taxes and surcharges		<b>203,240,789.57</b>	178,624,849.16
Selling expenses		<b>731,236,125.20</b>	639,375,988.88
Administrative expenses		<b>1,465,162,135.63</b>	1,695,026,548.09
Including: Party building work funds		<b>17,227,024.91</b>	
Research and development expenses		<b>591,928,067.08</b>	558,679,659.76
Financial expenses		<b>36,096,224.78</b>	322,789,200.85
Including: interest expenses		<b>124,294,753.28</b>	241,715,596.09
Interest income		<b>62,278,154.48</b>	47,822,335.41
Net proceeds of exchange		<b>43,507,919.60</b>	
Net exchange loss			100,183,554.29
Impairment on assets		<b>179,934,482.68</b>	1,017,128,616.56
☆ Credit impairment losses		<b>491,545,231.57</b>	
Other costs and expenses			
Add: Other income		<b>174,777,343.70</b>	45,731,908.93
Investment income (“-” for loss)		<b>139,663,587.58</b>	121,466,718.09
Including: investment income from associates and joint ventures		<b>33,832,648.30</b>	26,360,761.31
△ Gain on foreign exchange (“-” for loss)		<b>-4,285.22</b>	496.06
☆ Net exposure hedging returns (“-” for losses)		<b>812,129.03</b>	
Gain from fair-value changes (“-” for loss)			-12,995,817.33
Proceeds from asset disposal (“-” for loss)		<b>2,283,473.35</b>	3,627,423.23

**Continuing Operations (Continued)**  
*(Apart from special notes: the unit of amount is RMB)*

	Notes	Current Period	Prior Period
3. 非经常性损益(---)		<b>212,405,289.10</b>	434,103,183.78
Add: non-operating income		<b>47,261,642.78</b>	72,224,866.35
Including: Government grants		<b>4,876,415.01</b>	50,539,789.12
Gain from debt restructuring		<b>1,620,168.00</b>	325,314.71
Less: non-operating expenses		<b>102,812,797.65</b>	162,961,645.20
Including: Loss on debt restructuring		<b>38,647,346.91</b>	
4. 所得税费用(---)		<b>156,854,134.23</b>	343,366,404.93
Less: income tax	7	<b>54,166,496.62</b>	82,397,811.03
5. 归属于母公司所有者的净利润(---)		<b>102,687,637.61</b>	260,968,593.90
(1) By ownership			
Net profit attributable to parent company		<b>71,316,651.84</b>	194,226,740.00
* Profit/loss attributable to minority share-holders		<b>31,370,985.77</b>	66,741,853.90
(2) By going concern basis			
Continuous operating profit and loss		<b>103,075,019.32</b>	234,628,922.24
Termination of the business profit and loss		<b>-387,381.71</b>	26,339,671.66
6. 其他综合收益(---)		<b>66,567,309.74</b>	27,890,241.37
Other comprehensive income after tax attributable to parent company		<b>66,510,166.44</b>	25,453,003.92
(1) Comprehensive income not to be reclassified as profit or loss		<b>63,358,777.91</b>	
1. Remeasure the change in net liabilities or net assets of defined beneficiary plans			
2. Shares in other comprehensive income that the investee cannot reclassify into profit or loss under the equity method			
☆ 3. Net gain on equity instruments at fair value through other comprehensive income		<b>63,358,777.91</b>	
☆ 4. Fair value changes in enterprise's own credit risk			
5. Others			

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
 (Apart from special notes: the unit of amount is RMB)

	Notes	Current Period	Prior Period
(2) Other comprehensive income to be reclassified as profit or loss		<b>3,151,388.53</b>	25,453,003.92
1. Share of other comprehensive income of an associate			
★ 2. Net gain on debt instruments at fair value through other comprehensive income		<b>434,106.70</b>	
3. Gain or loss from fair value changes of available-for-sale financial assets			18,515,228.86
★ 4. The amount of financial assets reclassified into other comprehensive income			
5. Gain or loss from reclassification of held-to-maturity investments as available-for-sale financial assets			
★ 6. Other debt investment credit impairment provision			
7. Cash flow hedging reserve		<b>-690,309.68</b>	11,046,444.74
8. Currency translation reserve		<b>3,407,591.51</b>	-4,108,669.68
9. Other profit or loss to be reclassified			
* Other comprehensive income after tax attributable to minority share-holders		<b>57,143.30</b>	2,437,237.45
7. Total comprehensive income attributable to parent company		<b>169,254,947.35</b>	288,858,835.27
* Total consolidated income attributable to minority share-holders		<b>137,826,818.28</b>	219,679,743.92
		<b>31,428,129.07</b>	69,179,091.35
8. Earnings per share:			
(1) Basic earnings per share	8	<b>0.04</b>	0.14
(2) Diluted earnings per share	8	<b>0.04</b>	0.14

Corporate representative:

Chief Accountant:

Accounting Supervisor:

**现金流量表**  
(Apart from special notes: the unit of amount is RMB)

	Notes	Current Period	Prior Period
<b>1. 经营活动产生的现金流量:</b>			
Cash received from sales and services		<b>22,354,782,681.00</b>	28,225,962,462.60
△ Net increase in deposits and placements from financial institutions		<b>898,590,519.60</b>	-1,871,034,396.96
△ Net increase in due to central banks			
△ Net increase in placement from financial institutions		<b>-400,000,000.00</b>	
△ Cash received from premiums of original insurance contracts			
△ Net amount of reinsurance business			
△ Net increase in insured deposits and investments			
△ Net increase in disposal of financial assets at fair value through profit and loss			
△ Cash received from interests, fees and commissions		<b>424,925,505.86</b>	447,167,753.39
△ Net increase of placement from banks and other financial institutions			
△ Net increase in repurchasing			
Taxes and surcharges refunds		<b>126,401,116.57</b>	482,180,368.30
Other cash receipts related to operating activities		<b>736,892,044.63</b>	546,476,733.08
<b>经营活动产生的现金流量净额</b>		<b>24,141,591,867.66</b>	27,830,752,920.41
<b>投资活动产生的现金流量:</b>			
Cash paid for goods and services		<b>19,119,364,492.84</b>	24,402,799,893.73
△ Net increase in loans and advances		<b>-492,068.11</b>	-6,059,019.07
△ Net increase in deposits with central banks and other financial institutions		<b>-112,415,761.06</b>	-36,795,414.91
△ Cash paid for claim settlements on original insurance contracts			
△ Cash paid for interest, fees and commissions		<b>36,902,209.86</b>	28,321,122.91
△ Cash paid for policy dividends			
Cash paid to and for employees		<b>2,839,831,972.33</b>	2,815,255,957.74
Taxes and surcharges cash payments		<b>1,496,406,732.76</b>	1,312,144,726.28
Other cash payments related to operating activities		<b>1,437,993,936.57</b>	2,007,334,731.37
<b>投资活动产生的现金流量净额</b>		<b>24,817,591,515.19</b>	30,523,001,998.05
<b>筹资活动产生的现金流量:</b>			
<b>筹资活动产生的现金流量净额</b>		<b>-675,999,647.53</b>	-2,692,249,077.64

**现金流量表(续)**  
 (Apart from special notes: the unit of amount is RMB)

	Notes	Current Period	Prior Period
2. 经营活动产生的现金流量:			
Cash received from withdraw of investments		4,220,000,000.00	3,390,000,000.00
Cash received from investment income		107,622,371.16	207,910,838.39
Net cash received from disposal of fixed assets,intangible assets and other long-term assets		4,456,938.83	7,040,342.41
Net cash received from disposal of subsidiaries and other business units		3,607,833.22	
Other cash receipts related to investing activities		18,173,074.77	8,143,264.60
		<u>4,353,860,217.98</u>	<u>3,613,094,445.40</u>
Cash paid for fixed assets,intangible assets and other long-term assets		398,730,260.63	1,029,227,966.42
Cash payments for investments		2,267,999,994.35	4,090,000,000.00
△ Net increase in pledged loans			
Net cash paid for acquiring subsidiaries and other business units			
Other cash payments related to investing activities		5,467,409.36	2,983,041.09
		<u>2,672,197,664.34</u>	<u>5,122,211,007.51</u>
		<u>1,681,662,553.64</u>	<u>-1,509,116,562.11</u>

**现金流量表(续)**  
 (Apart from special notes: the unit of amount is RMB)

	Notes	Current Period	Prior Period
3. 收到的现金及现金等价物:			
Cash received from investments by others			1,269,999,456.00
Including: cash received by subsidiaries from minority shareholders' investments			
Cash received from borrowings		<b>1,064,550,263.57</b>	1,410,490,000.00
△ Cash received from bond issues			
Other cash receipts related to other financing activities		<b>5,178,584.78</b>	6,970,000.00
		<b>1,069,728,848.35</b>	2,687,459,456.00
Cash repayments for debts		<b>5,412,652,622.16</b>	136,076,363.31
Cash payments for distribution of dividends, profit and interest expenses		<b>192,880,766.41</b>	178,148,351.58
Including: dividends or profit paid by subsidiaries to minority shareholders		<b>31,707,132.77</b>	
Other cash payments related to financing activities		<b>1,208,154.36</b>	79,404,090.85
		<b>5,606,741,542.93</b>	393,628,805.74
		<b>-4,537,012,694.58</b>	2,293,830,650.26
4. 现金及现金等价物净增加额		<b>30,740,345.41</b>	-90,313,766.92
5. 加: 期初现金及现金等价物余额		<b>-3,500,609,443.06</b>	-1,997,848,756.41
6. 期末现金及现金等价物余额		<b>15,206,290,892.00</b>	17,204,139,648.41

Corporate representative:

Chief Accountant:

Accounting Supervisor:



**China Aetna Life Insurance Company Limited (Aetna Life Insurance Company)**  
*(Apart from special notes: the unit of amount is RMB)*

Items	Equity attributable to parent company										Total owner's equity			
	Paid-in capital	Preferred stock	Other equity instruments	Capital reserve	Less: treasury shares	Other comprehensive income	Specialized reserve	Surplus reserve	△ General risk provision	Retained earnings		Others	Subtotal	Minority interests
1. Increase/decrease due to changes in accounting policies	1,576,806,000.00			2,764,208,480.41		-6,938,794.70	15,801,148.88	786,529,945.86		8,496,686,529.09		13,453,093,309.54	1,209,321,445.94	14,642,414,755.48
2. Increase/decrease due to corrections of errors in Prior Period														
3. Increase/decrease due to changes in accounting policies	1,576,806,000.00			2,764,208,480.41		-6,938,794.70	15,801,148.88	786,529,945.86		8,496,686,529.09		13,453,093,309.54	1,209,321,445.94	14,642,414,755.48
(1) Total comprehensive income	329,717,000.00			925,988,749.76		25,453,003.92	3,576,278.08		152,922,560.00			1,437,657,591.76	62,079,331.38	1,499,736,923.14
(2) Owner's contributions and withdrawals	329,717,000.00			925,988,749.76		25,453,003.92			194,226,740.00			219,679,743.92	69,179,091.35	288,858,835.27
1. Common stock contributed by owners	329,717,000.00			940,282,456.00								1,255,705,749.76		1,255,705,749.76
2. Capital contributed by other equity instruments holders														
3. Share-based payment recorded in owner's equity														
4. Others				-14,293,706.24								-14,293,706.24		-14,293,706.24
(3) Accrual and utilization of specialized reserve							3,576,278.08					3,576,278.08	447,932.26	4,024,210.34
1. Accrual of specialized reserve							24,255,657.57					24,255,657.57	3,829,501.55	28,085,159.12
2. Utilization of specialized reserve							-20,679,379.49					-20,679,379.49	-3,381,569.29	-24,060,948.78
(4) Profits distribution									-41,304,180.00			-41,304,180.00	-7,547,692.23	-48,851,872.23
1. Appropriation of surplus reserve including: statutory surplus reserve									-41,304,180.00			-41,304,180.00	-7,547,692.23	-48,851,872.23
Discretionary surplus reserve														
#Reserve fund														
#Corporate development fund														
#Return of investment														
2. Accrual of general risk reserve														
3. Distribution to owner/shareholder														
4. Others														
(5) Transfer within owner's equity														
1. Capital reserve transferred to paid-in capital														
2. Surplus reserve transferred to paid-in capital														
3. Recover of loss by surplus reserve														
4. Defined benefit plan changes carried forward to retained earnings														
☆ 5. Other comprehensive income carried forward to retained earnings														
6. Others														
4. Total	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

Corporate representative: \_\_\_\_\_

Chief Accountant: \_\_\_\_\_

Accounting Supervisor: \_\_\_\_\_



1. Accounts receivable

Type	Carrying amount		Carrying amount	Opening balance	
	Carrying amount	Bad debt provision		Carrying amount	Bad debt provision
Bank acceptance	2,549,245,442.79		2,549,245,442.79		3,456,249,576.99
Business acceptance	563,036,192.89		563,036,192.89		906,202,101.87
<b>Total</b>	<b>3,112,281,635.68</b>		<b>3,112,281,635.68</b>		<b>4,362,451,678.86</b>

2. Accounts receivable

	Carrying amount	Opening balance
Accounts receivable	11,238,171,927.04	11,886,206,458.19
Less: bad-debt provision	4,563,425,609.85	4,662,896,753.61
<b>Net accounts receivable</b>	<b>6,674,746,317.19</b>	<b>7,223,309,704.58</b>

2.1 Accounts receivable by aging

A	Carrying amount	Opening balance
Within one year	4,020,608,853.48	4,325,601,379.58
One to two years	1,646,863,673.80	1,479,843,186.24
Two to three years	537,649,317.28	810,790,231.08
Over three years	469,624,472.63	607,074,907.68
<b>Total</b>	<b>6,674,746,317.19</b>	<b>7,223,309,704.58</b>

The credit period given to customers is different, generally depending on the financial strength of individual customers. For the effective management of the credit risk associated with accounts receivable, the Group regularly assesses the customer's credit.

... C 2023 ACCTA 2023 ACCTA

1. 2023 ACCTA 2023 ACCTA

	C
Opening balance	8,042,694,649.96
Increase in this period	8,979,557,673.69
Converted in to accounts receivable in this period	7,340,262,717.42
Closing balance	9,681,989,606.23
Contract asset impairment provision	1,448,532,356.45
Net closing balance	8,233,457,249.78
Including: listed as contract assets	8,233,457,249.78
listed as other non-current assets	

	C
Opening balance	19,588,274,771.42
Increase in this period	11,459,274,863.15
Interest adjustment	
The income confirmed in the current period includes the income in the balance at the beginning of the year.	16,450,829,247.45
Closing balance	14,596,720,387.12
Including: listed as contract liabilities	14,596,720,387.12
listed as other non-current liabilities	

1. **Accounts Payable**

	Currency	Opening balance
Notes payable	<b>5,836,028,015.25</b>	5,479,804,293.43
Accounts payable	<b>13,215,819,754.05</b>	14,051,708,904.60
<b>Total</b>	<b><u>19,051,847,769.30</u></b>	<b><u>19,531,513,198.03</u></b>

1. **Accounts Payable**

	Currency	Opening balance
Bank acceptance	<b>4,611,567,962.08</b>	4,570,861,423.55
Business acceptance	<b>1,224,460,053.17</b>	908,942,869.88
<b>Total</b>	<b><u>5,836,028,015.25</u></b>	<b><u>5,479,804,293.43</u></b>

2. **Accounts Payable**

	Currency	Opening balance
Within one year	<b>10,003,805,732.84</b>	11,359,184,726.32
One to two years	<b>1,811,999,790.23</b>	1,328,277,162.52
Two to three years	<b>597,497,973.67</b>	586,962,812.92
Over three years	<b>802,516,257.31</b>	777,284,202.84
<b>Total</b>	<b><u>13,215,819,754.05</u></b>	<b><u>14,051,708,904.60</u></b>

五、 利润分配表

项目	本期金额
Balance before adjustment at the end of preceding period	8,649,609,089.09
Adjust the total undistributed profit at the beginning of the year (increase +, decrease-)	
Opening balance after adjustment	8,649,609,089.09
Add: Net profit attributable to owners of the parent company	71,316,651.84
Other increase	25,305,546.26
Less: Appropriation of statutory surplus reserve	22,606,703.61
Appropriation of discretionary surplus reserve	
Appropriation of general risk reserve	
Dividends payable on ordinary shares	25,597,845.00
Dividends on ordinary share converted to share capital	
Others	
Closing balance	<u><u>8,698,026,738.58</u></u>

The Company's distribution of common stock dividends to shareholders during the year was in accordance with the 2017 after-tax profit distribution plan which was reviewed and passed at the 2017 annual general meeting of the company held on May 25, 2018. Based on the company's total share capital of 1,706,523,000 at the end of 2017, the company announced the distribution of the company's 2017 final dividend of RMB0.015 per share (including the applicable tax rate), and distributed 2017 final dividend of RMB25,597,845.00 in total(including tax).

六、 现金流量表

项目	本期金额		Amount of the previous period	
	营业收入	成本	Income	Cost
Main business	25,673,513,488.27	22,523,020,468.15	31,345,884,860.70	27,104,569,528.75
Other business	205,947,362.35	164,510,451.63	194,438,995.68	163,384,698.59
Total	<u><u>25,879,460,850.62</u></u>	<u><u>22,687,530,919.78</u></u>	<u><u>31,540,323,856.38</u></u>	<u><u>27,267,954,227.34</u></u>

附注七 所得税

项目	本期	上期
Current income tax calculated based on tax law and related regulations	113,890,721.19	163,258,837.00
Adjustment to deferred income tax	-59,724,224.57	-80,861,025.97
<b>Total</b>	<b>54,166,496.62</b>	<b>82,397,811.03</b>

附注八 每股收益

1. 基本每股收益

项目	本期	上期
Consolidated net profit attributable to ordinary shareholders of the parent company	71,316,651.84	194,226,740.00
Consolidated net profit attributable to ordinary shareholders of the parent company (After deducting non-recurring gains and losses)	-37,928,493.45	110,097,146.85
The weighted average number of ordinary shares issued by the parent company	1,706,523,000.00	1,376,806,000.00
Basic eps (Yuan per share)	0.0418	0.1411
Basic eps (Yuan per share) (After deducting non-recurring gains and losses)	-0.0222	0.0800

Common stock weighted average calculation:

项目	权重	本期	上期
Number of ordinary shares outstanding at the beginning of the year	1	1,706,523,000.00	1,376,806,000.00
Issuance of new shares or debt to convert shares and other increase in the number of shares ( II )	2		329,717,000.00
Increase the cumulative number of shares (II) from the next month to the end of the year	3		
Number of months in the reporting period	4	12	12
Weighted average number of common shares issued outside	5=1+2*3/12	1,706,523,000.00	1,376,806,000.00

2. 2018年1-9月

	2018年1-9月	Previous period
Adjusted net profit attributable to common shareholders of the parent company	<b>71,316,651.84</b>	194,226,740.00
Adjusted net profit attributable to ordinary shareholders of the parent company (after deducting non-recurring gains and losses)	<b>-37,928,493.45</b>	110,097,146.85
The weighted average number of ordinary shares issued by the Company after adjustment	<b>1,706,523,000.00</b>	1,376,806,000.00
Diluted Earnings Per share	<b>0.0418</b>	0.1411
Diluted Earnings Per share (After deducting non-recurring gains and losses)	<b>-0.0222</b>	0.0800

1. 2018年1-9月

	2018年1-9月	2017年1-9月	2016年1-9月	2015年1-9月	2014年1-9月	2013年1-9月	2012年1-9月
<b>2018年1-9月</b>							
Total amount of reportable segment assets	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
Including: increase the amount of construction in progress in the current period	166,286,437.12	33,271,531.75		3,461,068.88	48,118,232.00	122,108,436.70	373,245,706.45
Purchase of fixed assets and intangible assets	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
Total amount of reportable segment liabilities	<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>
<b>2018年1-9月</b>							
Segment income							
Income from external customers	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
Income between segment	2,445,150,561.55					25,907,149.35	2,471,057,710.90
Reportable segment income	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
Reportable segment gross margin	<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>

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
<b>A. 31 Dec 2017</b>							
Total amount of reportable segment assets	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
Including: increase the amount of construction in progress in the current period	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
Purchase of fixed assets and intangible assets	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
Total amount of reportable segment liabilities	<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>
<b>B. 31 Dec 2017</b>							
Segment income							
Income from external customers	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
Income between segment	2,534,289,826.09		-141,400,613.00			22,799,084.22	2,415,688,297.31
Reportable segment income	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
Reportable segment gross margin	<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.

	C. 31 Dec 2017	Opening balance
Reportable segment assets	<b>63,868,728,033.88</b>	70,201,843,933.22
Offset segment related transaction	<b>-19,044,229,265.34</b>	-20,122,713,238.83
Reportable segment net assets	<b>44,824,498,768.54</b>	50,079,130,694.39
Deferred tax assets	<b>490,142,216.40</b>	430,581,741.83
Other non-current assets		
Financial asset and its change record in current profit and loss based on fair value		
Restricted and pledged bank borrowing		
Bank deposit	<b>8,730,639,860.30</b>	12,155,831,808.52
Central bank deposit	<b>635,145,558.72</b>	747,561,319.78
Cash and cash equivalent	<b>50,694,420.76</b>	107,033,625.67
Undistributed headquarters and company assets	<b>1,810,861,851.34</b>	1,317,953,882.79
Total assets	<b><u>56,541,982,676.06</u></b>	<u>64,838,093,072.98</u>

	C 2022	Opening balance
Reportable segment liabilities	<b>50,537,687,451.61</b>	56,363,147,678.61
Offset segment related transaction	<b>-12,683,916,496.00</b>	-8,721,527,596.46
Reportable segment net liabilities	<b>37,853,770,955.61</b>	47,641,620,082.15
Tax payable	<b>374,043,503.79</b>	240,442,949.52
Deferred tax liabilities		7,280,974.79
Undistributed liabilities	<b>2,005,137,618.23</b>	806,597,387.90
<b>Total liabilities</b>	<b>40,232,952,077.63</b>	<b>48,695,941,394.36</b>
	C 2021	Previous period
Income from external customers	<b>25,879,460,850.62</b>	31,540,323,856.38
Income between segment	<b>2,471,057,710.90</b>	2,415,688,297.31
Reportable segment income	<b>28,350,518,561.52</b>	33,956,012,153.69
Reportable segment gross margin	<b>3,225,502,736.99</b>	4,354,089,555.24
Offset segment loss	<b>33,572,806.15</b>	81,719,926.20
Report segment gross margin from external customers of the group	<b>3,191,929,930.84</b>	4,272,369,629.04
Long-term equity investment gain based on equity method	<b>33,832,648.30</b>	26,360,761.31
Interest income	<b>485,064,692.65</b>	488,136,436.30
Chinese government grants	<b>179,653,758.71</b>	96,282,405.05
Financial asset and its change record in current profit and loss based on fair value		-11,399,680.48
Financial liabilities and its change record in current profit and loss based on fair value		
Interest expense	<b>145,030,891.91</b>	266,495,807.13
Impairment loss for the present period of long-term assets such as fixed assets and intangible assets		29,642,866.59
Undistributed other income and net income	<b>151,370,514.79</b>	97,359,627.28
Undistributed headquarters and corporate expenses	<b>3,739,966,519.15</b>	4,329,604,099.85
<b>Total income</b>	<b>156,854,134.23</b>	<b>343,366,404.93</b>

3. 现金流量表

	2018	2017
1. Domestic (China)	<b>18,482,059,253.38</b>	20,937,172,169.16
2. Overseas		
– Islamic Republic of Pakistan	<b>940,501,828.49</b>	3,883,858,635.49
– The Republic of Turkey	<b>292,124,872.39</b>	1,771,972,533.17
– The United Arab Emirates	<b>5,275,085,949.28</b>	1,687,649,086.59
– The Republic of Ecuador	<b>382,959,581.28</b>	1,164,629,635.62
– People’s Republic of Bangladesh	<b>139,432,199.33</b>	617,243,022.29
– the republic of indonesia	<b>66,947,781.02</b>	314,662,168.56
– other countries	<b>300,349,385.45</b>	1,163,136,605.50
Overseas subtotal	<b>7,397,401,597.24</b>	10,603,151,687.22
Total	<b>25,879,460,850.62</b>	31,540,323,856.38

4. 现金流量表补充资料

	现金流量表补充资料							
	期初余额	本期增加	本期减少	期末余额	期初余额	本期增加	本期减少	期末余额
1. 资产减值准备								
General Electric - Harbin Power Services (Qinhuangdao) Company	135,003,849.87		30,101,873.68		45,342,884.15			119,762,839.40
Huludao Binhai Hydro Power Company Limited	51,265,399.11							51,265,399.11
Harbin HE Liling Hydropower Equipment New Technology Development Co., Ltd.	6,570,491.74		233,304.71					6,803,796.45
Harbin Huitong Power Engineering Company Limited	5,823,729.61		3,020,037.04		2,293,598.96			6,550,167.69
Heilongjiang Harbin Hydropower Development	3,850,222.15	3,920,930.55	70,708.40					
Harbin HE Petrol Station Co., Ltd.	1,638,475.76		406,724.47		30,000.00			2,015,200.23
Harbin Ruifeng New Energy Co., Ltd.	6,000,000.00							6,000,000.00
Total	204,152,168.24	6,000,000.00	3,920,930.55	33,832,648.30	19,243,152.96			192,397,402.88

2018年12月31日

项目	期末余额	期初余额
流动资产	47,312,695,452.94	56,018,787,508.92
减：流动负债	38,375,692,092.71	47,075,551,847.10
流动资产净额	<u>8,937,003,360.23</u>	<u>8,943,235,661.82</u>

2018年12月31日

项目	期末余额	期初余额
总资产	56,541,982,676.06	64,838,093,072.98
减：流动负债	38,375,692,092.71	47,075,551,847.10
总资产减去流动负债	<u>18,166,290,583.35</u>	<u>17,762,541,225.88</u>

2018年12月31日

After the 22nd meeting of the 8th Board of Directors reviewed and approved the 2018 profit distribution plan, the board of directors does not recommend to pay the company's final dividend of 2018.

除另有说明外，所有金额均以人民币表示

除另有说明外，所有金额均以人民币表示

At present, the world multi-polarization and economic globalization are moving forward in twists and turns, the global economy and trade grew at a slower pace, the uncertainties of the global economy are increasing, and the world is facing a huge change that were not experienced in a century, which combined with both risks and opportunities. The global energy structure is undergoing profound transformation and accelerating to a low-carbon and carbon free direction, and the primary energy is becoming clean, low-carbon and diversified. The global energy transformation is faster than expected, the clean energy has become the dominant force for the global energy consumption growth, and the clean energy consumption is expected to exceed 45% by 2030. The energy consumption of China is speeding up the transformation to green and low-carbon, and is gradually solving over-dependence on coal through diversified energy development, it is expected that the non-fossil energy will account for approximately 15% of the total primary energy consumption by 2020 and approximately 20% by 2030.

In the power generation equipment manufacturing industry, the total installed capacity of power generation equipment in the PRC was 1.90 billion KW as at the end of 2018. Among which, the installed capacity of renewable energy power generation was 728.00 million KW, representing a year-on-year increase of 12%, and accounted for 38.32% of the total installed capacity, representing a year-on-year increase of 1.7 percentage points. In 2018, the newly increased installed capacity of power generation equipment nationwide was 124.00 million KW, representing a year-on-year decrease of 6.98%. Among which, the newly increased installed capacity of thermal power was approximately 41.19 million KW, representing a year-on-year decrease of 4.59 million KW (or 7.5%); the newly increased installed capacity of hydropower was approximately 8.54 million KW, representing a year-on-year decrease of 4.33 million KW (or 33.7%); the newly increased grid-connected installed capacity of wind power was 20.59 million KW, representing a year-on-year increase of 1.07 million KW (or 5.5%); the newly increased installed capacity of photovoltaic power generation was 44.26 million KW, representing a year-on-year decrease of 9.12 million KW (or 17.1%); and the newly increased installed capacity of biomass power generation was 3.05 million KW. The replacement role of clean energy to renewable energy is increasingly prominent.

2018 was a year for the Group to struggle in adversity as well as transformation and development, and also a year for business expansion and reform and innovation. During the year, facing severe situations, all cadres and employees of the Group have gathered together to overcome difficulties, and the Company has achieved a stable overall operation.

In 2018, facing a complicated and challenging internal and external situation, the Group made every endeavor to open up the market by giving full rein to its advantages of concentrated marketing and industrial operation, thereby realizing RMB33.744 billion worth of duly signed contracts (2017: RMB34.162 billion), of which RMB12.186 billion (or 36.11% of total contract value) for thermal power equipment, RMB3.191 billion (or 9.46% of total contract value) for hydropower equipment, RMB0.431 billion (or 1.28% of total contract value) for nuclear power equipment, RMB0.104 billion (or 0.31% of total contract value) for steam equipment, RMB12.456 billion (or 36.91% of total contract value) for power engineering, RMB3.178 billion (or 9.42% of total contract value) for power station services, and RMB2.198 billion (or 6.51% of total contract value) for other products.

**Thermal power industry:** The total market size continued to decline, maintaining a severe market situation. In 2018, the formal contracted value of the Group's thermal power equipment decreased by 17.82% over the previous year.

**Steam power industry:** At present, the domestic market demand for steam power is still dominated by F-class turbines, while a few H-class turbine projects are emerging. In 2018, the formal contract value of the Group's steam power equipment decreased by 92.13% over the previous year.

**International market:** Due to the official implementation of the Group's contracts initially signed and projects awarded in 2017, the formal contract value of the Group in international market in 2018 was RMB14.35 billion, representing an increase of 377.6% over the previous year.

In terms of the output of main products, affected by the national policies on de-capacity of thermal power and other related policies, certain of the Group's on-going thermal power projects was suspended, and the production of thermal power products was decreased over the previous year, while new bidding projects continued to decrease. In order to minimize our operational risks, the Group made its production plan in a scientific and reasonable manner by taking into full account internal and external situations, users' actual needs and project implementation risk and other factors. In 2018, output of the Group's power generation equipment amounted to 14,190 MW, up by 0.1% over the same period last year, of which 2,260 MW were produced by water turbine generator units, up by 18.9% over the same period last year and 11,930 MW by steam turbine generators, down by 2.8% over the same period last year. Output of steam turbines for power stations was 10,030 MW, up by 2.0 % over the same period last year and that of boilers for power stations was 14,180 MW, down by 17.0 %. The production scale was on a downward trend in general and was lower than the industry level.

In terms of the product services, in 2018, the Group officially launched its power station service platform, realizing the "Internet + joint reserve + service" business model; actively developed the marketing models such as "technical improvement + parameters upgrading", "technical improvement + overhaul" and "technical improvement + capital"; established the Jiangsu & Zhejiang Service Center and made breakthroughs in regional services; provided on-site services of 1,167 person/day for the whole year, and performed on-site supervision and control; and formulated the Handbook for Power Station Service Standards and strictly implemented the specification, the Group's service image has been improved constantly.

In 2018, the Company incurred a R&D expenditure of RMB1.08 billion, completed 282 R&D projects and 75 new products, receiving 23 awards for technology achievements, 17 of which were related to provincial and ministerial ones. The Localized Development and Manufacturing of 650 MW-class Nuclear Turbine Generators conducted by the Turbine Company won the Honor Award of China's Industry Awards; the Development and Application of 1,000 MW-class Ultra-supercritical Two-stage Reheating Tower-type boiler conducted by the Boiler Company won the First Prize for Technology Progress Award of Heilongjiang Province, the Research and Application of Key Technologies of Water Pumps and Water Turbines for 400 MW-class Large-scale Pumped-storage Units conducted by the Machinery Company was honored with the First Prize for the Energy Innovation Award by China Energy Research Society.



main equipment and key components of nuclear power conventional islands, and could also meet the Group's independent production needs required by 1,000 MW nuclear power main pumps as well as high-power synchronous motors for natural gas long-distance pipelines. Currently, all these projects have completed the construction targets.

2018 年，公司未发生重大收购、出售子公司、关联公司或联营企业。

In 2018, the company carried out no major acquisitions or sales of subsidiaries, associates and joint ventures.

2018 年，公司经营状况相对平稳。然而，受宏观经济环境及行业发展趋势的影响，销售规模有所下降，市场竞争更加激烈，产品价格呈下降趋势，而原材料价格仍呈上升趋势，利润空间进一步收窄。

In 2018, the Group's operation situation was relatively stable. However, due to the impacts of the macroeconomic environment both at home and abroad and the development trend of the industry, the sales scale has decreased and the market competition became more fierce, the order price of products has been on the decline, while the prices of raw materials still showed an upward trend, and the profit margin has been further narrowed.

2018 年，

In 2018, net profit attributable to the owner of the parent company realized by the Group registered RMB71.32 million, representing a decrease of 63.28% over the same period last year; earnings per share were RMB0.04, down by RMB0.10 year on year. The decrease in the Group's profit was mainly attributable to the decrease in gross profit resulting from the decrease in sales scale.

In 2018, the Group recorded an operating income of RMB25,879.46 million, representing a decrease of 17.95% over the same period last year, of which operating income from the main thermal power equipment (including thermal power and steam power products) was RMB11,877.25 million (or 45.89% of the total operating income), representing a year-on-year decrease of 14.38%. Operating income from main hydropower equipment was RMB1,704.64 million (or 6.59% of the total operating income), representing a year-on-year increase of 48.72%. Operating income from engineering services for power stations was RMB7,411.07 million (or 28.64% of the total operating income), representing a year-on-year decrease of 30.77%. Operating income from ancillary equipment and supplementary products for power stations was RMB899.96 million (or 3.48% of the total operating income), representing a year-on-year decrease of 32.79%. Operating income from AC/DC motors and other products and services was RMB2,648.00 million (or 10.23% of the total operating income), representing a year-on-year increase of 8.26%. Operating income from nuclear power products was RMB1,338.54 million (or 5.17% of the total operating income), representing a year-on-year decrease of 34.15%. Affected by the macroeconomic environment both at home and abroad and the development trend of the industry, the overall sales scale of the Group declined. The hydropower market ushers in the peak of pumped storage development and the proportion of revenue generated from the hydropower host equipment segment has increased. However, as the majority of overseas projects has passed the peak season of execution, the newly entered projects were in the early stage of construction and the proportion of revenue generated from the power station engineering services segment decreased significantly.

In 2018, the Group recorded an income of export of RMB7,397.40 million (or 28.58% of the total operating income), decreasing by RMB3,205.75 million over the previous year. The export was dominated by Asia and South America, in which export to Asia amounting to RMB6,841.70 million while export to South America amounting to RMB382.96 million.

## C

In 2018, the operating costs of the Group amounted to RMB22,687.53 million, representing a decrease of 16.80% as compared with the corresponding period of last year, mainly due to the decrease in sales scale.

In 2018, the Group realized a gross profit from operating business of RMB3,191.93 million, representing a year-on-year decrease of 25.29%, and a gross profit margin was 12.33%, representing a year-on-year decrease of 1.21%. Out of the RMB3,191.93 million, RMB1,670.21 million was attributable to the gross profit from main thermal power equipments, decreasing by RMB630.31 million over the previous year, while the corresponding gross profit margin was 14.06%, representing a year-on-year decrease of 2.52%; RMB151.31 million was attributable to the gross profit from main hydropower equipment, decreasing by RMB31.02 million over the previous year, while the corresponding gross profit margin was 8.88%, representing a year-on-year decrease of 7.03%; RMB253.43 million was attributable to the gross profit from engineering services for power stations, decreasing by RMB243.9 million over the previous year, while the corresponding gross profit margin was 3.42%, representing a year-on-year decrease of 1.23%; RMB90.24 million was attributable to the gross profit from ancillary equipment and supplementary products for power stations, decreasing by RMB104.96 million over the previous year, while the corresponding gross profit margin was 10.03%, representing a year-on-year decrease of 4.55%; RMB746.98 million was attributable to the gross profit from AC/DC motors and other products and services, increasing by RMB169.35 million over the previous year, while the corresponding gross profit margin was 28.21%, representing a year-on-year increase of 4.59%; RMB279.76 million was attributable to the gross profit from nuclear products, decreasing by RMB239.6 million over the previous year, while the corresponding gross profit margin was 20.90%, representing a year-on-year decrease of 4.65%. The decrease in our Group's gross profit margin was firstly due to the volume of products launched in the market decreased year by year as a result of the overcapacity of domestic coal power capacity, and the tender price of products continued to decline; Secondly, was due to the commodity price fluctuated, and steel price rose faster in line with the increase in material cost of products.

In 2018, the Group's selling expenses incurred amounted to RMB731.24 million, representing an increase of RMB91.86 million or 14.37% as compared to the corresponding period of last year, primarily due to we stepped up efforts to collect trade receivables during the year, which resulted in a year-on-year increase of defect elimination cost; the administrative expenses incurred amounted to RMB1,465.16 million, representing a year-on-year decrease of RMB229.86 million or 13.56%, which mainly due to a year-on-year decrease in labor costs; the research and development expenses incurred amounted to RMB591.93 million, representing a year-on-year increase of RMB33.25 million or 5.95%; the finance expenses incurred amounted to RMB36.1 million, representing a year-on-year decrease of RMB286.69 million or 88.82%, mainly due to the decrease in interest expense as a result of the reduction of interest-bearing debts, and the increase in net exchange gain resulted from the changes in exchange rate.

## W

The Group financed its operation and development with three major funding sources, namely shareholder's funds, trade receivables from customers and bank borrowings. The Group arranges borrowings based on each specific project. Except for some exceptions, loans are usually raised by each of the Group's subsidiaries respectively, while prior approval from the parent company is required in respect of borrowings raised for capital investments. As at 31 December 2018, the Group's total borrowings amounted to RMB2,072.91 million (31 December, 2017: RMB3,283.57 million), all of which amounts were borrowed from various financial institutions, such as commercial banks, at interest rates stipulated by the state. Among those borrowings, the amount repayable within one year amounted to RMB1,772.91 million, representing a decrease of RMB1,310.66 million as compared with the beginning of the year; the borrowings repayable after one year amounted to RMB300.0 million, representing an increase of RMB100.0 million as compared to the beginning of the year. As at 31 December 2018, the Group's borrowings were all in RMB and there was no amount due. The repayment plan has been made for the borrowings that were not due, with no risk of default.

## W

As at 31 December 2018, the monetary capital of the Group was RMB12,543.25 million, representing a decrease of RMB3,621.99 million as compared with the beginning of the year. During the period, the net cash flow generated from operating activities of the Group was -676.0 million; the net cash flow from investing activities was RMB1,681.66 million; net cash flow from financing activities was RMB -4,537.01 million. The Group was exposed to the decrease in monetary capital due to the repayment of 3.0 billion corporate bonds and the decrease of contract liabilities.

## W

As at 31 December 2018, the total assets of the Group amounted to RMB56,541.98 million, representing a decrease of RMB8,296.11 million or 12.80% as compared to the beginning of the year, mainly due to the decrease in the size of monetary capital and prepayments, out of which RMB47,312.69 million was current assets, representing 83.68% of total assets; and RMB9,229.29 million was current assets, representing 16.32% of our total assets.

## W

As at 31 December 2018, total liabilities of the Group amounted to RMB40,232.95 million, representing a decrease of RMB8,462.99 million as compared to the beginning of the year, mainly due to the repayment of 3.0 billion corporate bonds and the decrease of contract liabilities, out of which RMB38,375.69 million was current liabilities, representing 95.38% of total liabilities; and RMB1,857.26 million was non-current liabilities, representing 4.62% of our total liabilities. As at 31 December 2018, the gearing ratio of the Group was 71.16%.

## W

As at 31 December 2018, the total equity attributable to the owners of the parent company amounted to RMB15,026.28 million, representing an increase of RMB155.53 million as compared to the beginning of the year; the net asset value per share was RMB8.81, representing an increase of RMB0.10 as compared with the beginning of the year. During the period, the return rate on net assets of the Group was 0.48%.

## W

As at 31 December 2018, the Group's gearing ratio (non-current liabilities over total shareholders' equity) was 0.12: 1, compared with that of 0.11: 1 at the beginning of the year.

## C

As at 31 December 2018, the Group pledged its assets of RMB114.03 million to secure loans for liquidity.

## W

Some of the deposits of the Group are denominated in foreign currencies. As at 31 December 2018, the amount of the Group's deposits in foreign currencies was equivalent to RMB722.76 million. The export business and businesses settled in foreign currencies expose the Group to exchange risk.

## W

The Company has fully utilized its proceeds from issuance of shares and bonds in previous years, and no other fund-raising activities was proceeded in this year.

## D

The Board dose not propose the payment of a final dividend for 2018.

On 24 December 2018, the Board of Harbin Electric Corporation Co., Ltd. (“HE”) and the Board of the Company jointly announced that Citigroup Global Markets Asia Limited, on behalf of HE, firmly intends to make a voluntary conditional cash offer to acquire all the issued H Shares of the Company on the basis of HK\$4.56 per H Share.

In addition, on 24 December 2018, HE entered into the Merger Agreement with the Company. If the Merger is implemented and completed, the Company will be merged and absorbed by HE in accordance with Article 172 of the PRC Company Law and other applicable PRC Laws.

The Company confirmed to have received annual confirmation of independence from each independent non-executive director pursuant to Rule 3.13 of the Rules Governing The Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), confirming all independent non-executive Directors are independent.

As of 31 December 2018, none of the directors, supervisors and senior management of the Company had any interest or short position in the shares, underlying shares and debentures (as the case may be) of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (SFO)) which was required to be notified to the Company and the Hong Kong Stock Exchange (including interest or short position which any such director, supervisor or senior management is taken or deemed to have under such provisions of the SFO) pursuant to the SFO or which was required to be recorded in the Register kept by the Company pursuant to section 352 of the SFO or which was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules.

As of 31 December 2018, there is no service contract specified in Rule 14 of Appendix 16 of the Listing Rules between directors and supervisors of the Company and the Company.

本公司董事及監事均無任何利益，或與本公司訂立任何合約，或與本公司訂立任何合約，或與本公司訂立任何合約。

As of 31 December 2018, none of the Directors or Supervisors has any interest, whether directly or indirectly, in the contracts of significance entered into by the Group.

本公司董事及監事均無任何利益，或與本公司訂立任何合約，或與本公司訂立任何合約，或與本公司訂立任何合約。

As of 31 December 2018, save as the connected and continuing connected transactions entered into by the Group and HE as set out in “Report of the Directors” which will be included in annual report, no contract of significance was entered into between the Group and the controlling shareholders or their subsidiaries.

本公司董事及監事均無任何利益，或與本公司訂立任何合約，或與本公司訂立任何合約，或與本公司訂立任何合約。

Remuneration of directors and supervisors of the Company was approved at the general meeting of the Company, in which executive directors, shareholder representative supervisors and employee supervisors will not receive any remuneration as directors and supervisors. The remuneration of independent non-executive directors and independent supervisors was determined with reference to remuneration of the relevant personnel of companies engaging in similar business or with similar scale as the Company. None of the directors waived or agreed to waive any remuneration.

The remuneration of the directors and supervisors of the Company as of 31 December 2018 is as follows:

(Unit: RMB)

	薪金	津貼	其他	總計
Mr. Si Ze-fu	0	0	0	0
Mr. Wu Wei-zhang	0	618,530	96,499	715,029
Mr. Zhang Ying-jian	0	553,845	91,721	645,566
Mr. Song Shi-qi	0	550,130	89,741	639,871
<b>Total</b>	<b>0</b>	<b>1,722,505</b>	<b>277,961</b>	<b>2,000,466</b>

Mr. Zhu Hong-jie	0	60,000	0	60,000
Mr. Yu Wen-xing	0	60,000	0	60,000
Mr. Hu Jian-min	0	60,000	0	60,000
Mr. Tian Min (appointed on 21 March 2018)	0	50,000	0	50,000
<b>Total</b>	<b>0</b>	<b>230,000</b>	<b>0</b>	<b>230,000</b>
Mr. Feng Yong-qiang	0	31,020	7,478	38,498
Mr. Chen Guang	0	372,480	75,435	447,915
Mr. Zhu Peng-tao	0	198,764	40,589	239,353
Mr. Zhang Wen-ming	0	367,524	33,444	400,968
Mr. Zhang Jun-quan	0	405,479	58,162	463,641
<b>Total</b>	<b>0</b>	<b>1,375,267</b>	<b>215,108</b>	<b>1,590,375</b>

As of 31 December 2018, the five highest paid personnel in the Company are all senior management of the Company and its subsidiaries, remuneration of whom was over HK\$1 million but below HK\$1.5 million.

Total remuneration of the five highest paid personnel	HK\$0	HK\$4.9815 million	HK\$0.9995 million	HK\$5.9810 million

As of 31 December 2018, total internal guarantees in favour of the Group made by the Company and its subsidiaries amounted to RMB2,035.42 million. No external guarantee was provided.

## 董事及高级管理人员的赔偿责任

As provided by applicable laws, each director of the Company is entitled to be indemnified by respective companies for all costs, charges, losses, fees and liabilities which arise from or are connected to the execution and performance of their duties according to the Articles of Association of the Company. The provision becomes effective in the financial year ended 31 December 2018 and remains in effect as at the date of this report.

The Company purchased directors' liability insurance for all directors during the year.

## 非公开发行的股份

On 9 October 2018, the Company and HPI entered into the Agreement on the Subscription for Shares Issued Under Non-public Issue by Huaneng Power International, Inc., pursuant to which, the Company will subscribe for 76,335,877 ordinary shares (A shares) issued under the Non-public Issue by HPI at the subscription price of RMB6.55 per share (equivalent to approximately 90% of the average trading price of the A shares of HPI for 20 consecutive Trading Days before the Price Determination Date), with the total subscription amount of RMB499,999,994.35 (equivalent to approximately HK\$568,188,268.05). The Company undertook not to transfer the subscribed A shares of HPI within 12 months from the completion date of issue.

## 薪酬政策及薪酬委员会

In 2018, the Group continued to deepen its remuneration reform, and further increased the salary distribution to its production core staff, key positions with significant contribution and backbone persons, so as to make a better flexibility for the income distribution of our staff and promote their enthusiasm, initiative and creativity and also to realize income distribution matching with economic benefit growth and improvement of labor efficiency, with a view to establishing a harmonious income distribution relationship.

In 2018, the total salaries of the Group amounted to RMB1,639.78 million. The Group has no long-term award scheme for the time being.

## 买卖本公司上市证券

As of 31 December 2018, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

There are no provisions for pre-emptive rights under the Company's Articles of Association or PRC laws, which would require the Company to offer new shares to existing shareholders according to their respective proportions of shareholding.

The Group had no major pending litigation in 2018.

The Company, having made specific enquiry to the Directors, confirms that all directors complied with the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules throughout the period.

The Company has been actively enhancing the Company's corporate governing structure and standardized the Company's operations through strictly complying with relevant provisions such as the Company Law of the People's Republic of China and the Securities Law of the People's Republic of China. Directors of the Company strived to maintain corporate governance of high standard and believe quality governance is a key to the long-term success and sustainable development of the Company's business.

In 2018, the Company has complied with the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Listing Rules of The Stock Exchange of Hong Kong Limited, details of which are set out in the section headed "Corporate Governance Report" in the annual report.

The Audit Committee has reviewed the audited financial statements, continuing connected transactions, internal control and risk management of the Group for the year ended 31 December 2018, and discussed with the Board the financial reporting procedures as well as the internal control system of the Group.

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The financial statement of the Company for the year ended 31 December 2018 has been audited by BDO China Shu Lun Pan Certified Public Accountants LLP, which was appointed at the 2017 annual general meeting of the Company. Its annual remuneration for the year was RMB2.50 million. The auditor is eligible and willing to offer itself for re-appointment. The resolution to re-appoint the auditor and to authorise the Board to determine its remuneration will be proposed at the 2018 annual general meeting of the Company.

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Despite the increasing demand for energy resources in China and worldwide, the business environment of power generation equipment manufacturers is becoming increasingly challenging with the increasing competition in the market and the increasing concern for power generation from clean and renewable generation instead of coal-fired power. In China, the proportion of total new coal-fired power capacity continued to decrease, and thermal power market continued to decline; in the meantime, hydropower generation maintains a moderate growth, while other mainstream renewable energy power generation modes, such as wind power and solar power, are expected to continue to seize the market share; the clean energy market is expected to maintain a rapid development; the international market still has room but competition will become more intensified.

In 2019, the Group will focus on its development strategy and promote high-quality development with reform and innovation as driving force. During the year, the Group will endeavor to seize the market share, decrease the “account receivables and inventory”, cut off costs, reduce redundancies and improve quality in order to strengthen the foundation for development; will implement the industrial layout, enhance technological innovation, enlarge power station service industry, develop new industries and solve the key development; will promote the reform of allocation, optimize the assessment system, improve the management and control models and strengthen the development impetuses; will strive to build itself into a world-class equipment manufacturing enterprise with global competitiveness.

By order of the Board

A C  
Company Secretary

Harbin, PRC, 7 March 2019

*As at the date of this announcement, the executive Directors of the Company are Mr. Si Ze-fu, Mr. Wu Wei-zhang, Mr. Zhang Ying-jian and Mr. Song Shi-qi; and the independent non-executive Directors of the Company are Mr. Zhu Hong-jie, Mr. Yu Wen-xing, Mr. Hu Jian-min and Mr. Tian Min.*