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哈电集团
HARBIN ELECTRIC CORPORATION

哈尔滨电气股份有限公司

HARBIN ELECTRIC COMPANY LIMITED

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 01133)

INTERIM RESULTS ANNOUNCEMENT 2016

The Board of Directors (the “Board”) of Harbin Electric Company Limited (the “Company”) is pleased to announce the operating results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2016, which were prepared in accordance with the Chinese Enterprises Accounting Standard. Such operating results have not been audited but have been reviewed by BDO China Shu Lun Pan Certified Public Accountants LLP.

SUMMARY CONSOLIDATED BALANCE SHEET

(Amount expressed in CNY unless otherwise stated.)

Assets	Notes	2016.6.30	2015.12.31
Current assets:			
Cash and cash equivalents		15,380,840,803.60	18,237,006,157.72
Provision of settlement fund		—	—
Funds lent		—	—
Financial assets held for trading		—	—
Derivative financial assets		—	—
Notes receivable	10	2,324,166,210.24	2,308,409,073.94
Accounts receivable	11	10,857,503,425.54	10,987,770,955.98
Advances to suppliers		6,071,109,029.30	5,413,917,652.83
Insurance premiums receivable		—	—
Cession premiums receivable		—	—
Provision of cession receivable		—	—
Interests receivable		8,525,267.09	22,486,820.89
Dividend receivable		144,453.39	144,453.39
Other receivables		778,838,905.50	600,565,289.38
Recoursable financial assets acquired		—	—
Inventory		17,376,424,750.97	15,491,764,808.23
Assets classified as held for sale		—	—
Non-current assets maturing within one year		—	—
Other current assets		2,188,409,498.47	3,067,298,497.06
Total current assets		54,985,962,344.10	56,129,363,709.42

Assets	<i>Notes</i>	2016.6.30	2015.12.31
Non-current assets:			
Loans and payments		170,000,000.00	—
Available-for-sale financial assets		75,595,000.00	43,291,000.00
Held-to-maturity investments		—	—
Long-term receivables		18,000,000.00	18,000,000.00
Long-term equity investments		217,404,494.93	233,131,424.38
Investment real estates		19,825,193.34	20,444,982.56
Fixed assets		5,818,488,233.70	6,023,252,731.84
Construction in progress		508,998,205.77	386,245,262.31
Project material		14,959,656.36	835,204.92
Disposal of fixed assets		—	—
Productive biological assets		—	—
Oil and gas assets		—	—
Intangible assets		667,740,898.06	736,434,925.97
Development costs		191,424,037.62	187,057,832.68
Goodwill		—	—
Long-term deferred expenses		45,526,295.59	51,345,718.80
Deferred income tax assets		298,230,032.02	333,842,705.26
Other non-current assets		—	—
		<hr/>	<hr/>
Total non-current assets		<u>8,046,192,047.39</u>	<u>8,033,881,788.72</u>
Total assets		<u><u>63,032,154,391.49</u></u>	<u><u>64,163,245,498.14</u></u>

SUMMARY CONSOLIDATED BALANCE SHEET (CONTINUED)

(Amount expressed in CNY unless otherwise stated.)

Liabilities and owners' equity	Notes	2016.06.30	2015.12.31
Current liabilities:			
Short-term borrowings		2,765,138,408.88	3,178,393,476.92
Borrowings from central bank		—	—
Deposits from customers and interbank		1,136,252,462.74	1,631,433,261.33
Deposit funds		—	—
Held for trading financial liabilities		5,426,473.71	—
Derivative financial liabilities		—	—
Notes payable	12	4,684,339,688.54	5,053,437,735.55
Accounts payable	13	14,148,960,145.29	13,037,943,628.09
Payments received in advance		21,093,195,494.21	21,467,290,314.26
Funds from sales of financial assets with repurchasement agreement		—	—
Handling charges and commission payable		—	—
Employee benefits payable		168,133,357.79	193,672,471.77
Taxes and surcharges payable		83,334,095.25	300,314,171.70
Interests payable		86,036,002.85	142,013,613.98
Dividend Payable		24,933,165.23	5,292,426.30
Other payables		226,243,892.95	266,222,231.62
Cession insurance premiums payable		—	—
Provision for insurance contracts		—	—
Funds received as agent of stock exchange		—	—
Funds received as stock underwrite		—	—
Liabilities classified as held for sale		—	—
Non-current liabilities maturing within one year		30,369,370.09	118,684,860.49
Other current liabilities		150,156,033.85	375,043,853.00
Total current liabilities		44,602,518,591.38	45,769,742,045.01

Liabilities and owners' equity	<i>Notes</i>	2016.06.30	2015.12.31
Non-current liabilities:			
Long-term Borrowings			
Debt securities issued		2,997,075,000.00	2,996,197,500.00
Long-term payables		4,295,193.85	12,257,889.40
Long-term employee benefits payable		88,321,752.00	88,474,620.62
Specific item payable		488,832,894.29	442,473,494.29
Estimated Liabilities		600,577,046.31	726,862,346.89
Deferred revenue		196,542,879.42	210,355,746.66
Deferred tax liabilities		—	—
Other non-current liabilities		—	—
		<hr/>	<hr/>
Total non-current liabilities		<u>4,375,644,765.87</u>	<u>4,476,621,597.86</u>
Total liabilities		<u>48,978,163,357.25</u>	<u>50,246,363,642.87</u>
Shareholders' equity:			
Share capital		1,376,806,000.00	1,376,806,000.00
Other equity instruments		—	—
Including: Preferred stock			
Perpetual bonds			
Capital reserves		2,754,717,835.61	2,749,914,774.17
Less: Treasury Stock		—	—
Other comprehensive income		-203,100,029.86	-321,038,700.14
Special reserve		15,875,914.78	11,122,854.40
Surplus reserves		786,529,945.86	786,529,945.86
Provision for normal risks		—	—
Retained earnings		8,213,740,969.21	8,104,055,926.70
Total shareholders' equity attributable to parent company		<u>12,944,570,635.60</u>	<u>12,707,390,800.99</u>
Minority shareholders' equity		<u>1,109,420,398.64</u>	<u>1,209,491,054.28</u>
Total owners' equity		<u>14,053,991,034.24</u>	<u>13,916,881,855.27</u>
Total liabilities and owners' equity		<u>63,032,154,391.49</u>	<u>64,163,245,498.14</u>

SUMMARY CONSOLIDATED INCOME STATEMENTS

(Amount expressed in CNY unless otherwise stated.)

Items	Notes	Jan–Jun 2016	Jan–Jun 2015
I. Total operating income		14,975,830,143.82	12,132,563,481.45
Including: Operating income	3	14,794,245,118.85	11,951,040,112.86
Interest income		181,554,669.03	181,513,968.73
Insurance premiums earned		—	—
Handling charges and commission income		30,355.94	9,399.86
II. Total operating cost		14,764,243,090.19	12,353,877,894.70
Including: Operating cost		13,007,447,060.66	10,623,959,231.59
Interest cost		6,886,583.21	9,077,640.63
Handling charges and commission expenses		13,019.55	12,684.49
Refund of insurance premiums		—	—
Net payments for insurance claims		—	—
Net provision for insurance contracts		—	—
Commissions on insurance policies		—	—
Cession charges		—	—
Business taxes and surcharges		49,440,161.95	46,906,789.86
Selling and distribution expenses		262,557,267.69	264,503,198.22
General and administrative expenses	4	948,901,640.62	915,233,234.50
Financial expenses		83,384,749.24	89,894,855.88
Assets impairment losses	5	405,612,607.27	404,290,259.53
Add: Income from changes in fair value (loss listed as “–”)		80,871,846.14	–311,336,162.24
Investment income (loss listed as “–”)		–126,303,569.87	650,866,921.01
Including: investment income in associates and joint ventures		–11,219,150.71	–1,164,121.22
Foreign exchange gains (loss listed as “–”)		—	—
III. Operating profit (loss listed as “–”)		166,155,329.90	118,216,345.52
Add: Non–operating income		50,353,669.24	28,268,983.68
Including: Gains from disposal of non–current assets		2,302,160.06	8,664,281.32
Less: Non–operating expenses		–13,761,110.22	4,194,333.96
Including: Loss from disposal of non–current assets		1,323,351.95	2,065,316.09
IV. Profit before tax (loss listed as “–”)		230,270,109.36	142,290,995.24
Less: Income tax expenses		114,320,805.08	135,417,139.82

Items	Notes	Jan–Jun 2016	Jan–Jun 2015
V. Net profit (loss listed as “–”)		115,949,304.28	6,873,855.42
including: the combined party’s realized net profit before combination in the business combination under common control			
Shareholders’ net profit attributable to parent company		130,337,132.51	96,061,957.45
Minority interests income/loss		–14,387,828.23	–89,188,102.03
VI. Net income after tax of Other comprehensive income		117,938,670.28	139,975,029.59
Net of tax in other comprehensive income attributable to owners of parent company		117,938,670.28	139,975,029.59
(I) Not recognized in profit or loss afterwards		—	—
1. Re–measurement of changes in net assets or liabilities of defined benefit plans		—	—
2. Corresponding shares in a investee’s other comprehensive income not reclassified into profits and losses under the equity method		—	—
(II) Recognized in profit or loss afterwards		117,938,670.28	139,975,029.59
i. Corresponding shares in a investee’s other comprehensive income reclassified into profits and losses afterwards under the equity method		—	—
ii. Net gain arising from changes in fair value of available–for–sale financial assets		—	—
iii. Net gain arising from reclassifying held–to–maturity investments to available–for–sale financial assets		—	—
iv. Effective part of cash flow hedging		117,801,074.40	139,979,353.10
v. Exchange differences on translating foreign operations		137,595.88	–4,323.51
vi. others		—	—
Net of tax in other comprehensive income attributable to minority shareholders			
VII. Total comprehensive income		233,887,974.56	146,848,885.01
Attributable to shareholders of parent company		248,275,802.79	236,036,987.04
Attributable to minority interests		–14,387,828.23	–89,188,102.03
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)	8	0.09	0.07
(II) Diluted earnings per share (RMB/share)	8	0.09	0.07

SUMMARY CONSOLIDATED CASH FLOW STATEMENTS

(Amount expressed in CNY unless otherwise stated.)

Items	Notes	Jan–Jun 2016	Jan–Jun 2015
I. Cash Flows from operating activities			
Cash received from sales of goods or rendering of services		13,325,461,120.95	11,974,007,154.90
Net increase in customer bank deposits and due to banks and other financial institutions		-494,772,522.23	263,651,985.45
Net increase in borrowings from central bank		—	—
Net increase in placements from other financial institutions		—	—
Premiums received from original insurance contracts		—	—
Net cash received from reinsurance business		—	—
Net increase in deposits from policyholders		—	—
Net increase from disposal of tradable financial assets		—	—
Interest, handling charges and commission received		179,883,052.78	180,764,097.84
Net increase in placements from banks and other financial institutions		—	—
Net increase in repurchase business capital		—	—
Tax rebates received		330,435,996.33	73,384,099.20
Cash received relating to other operating activities		310,698,607.89	1,396,856,515.79
Sub-total of cash inflows		13,651,706,255.72	13,888,663,853.18
Cash paid for goods and services		12,753,724,631.08	10,533,049,791.22
Net increase in loans and advances to customers		174,107,267.10	-71,876,362.93
Net increase in deposits with central bank and other financial institutions		1,353,604.48	17,708,731.20
Original insurance contract claims paid		—	—
Interest, handling charges and commissions paid		4,269,617.83	60,372,521.24
Policyholder dividends paid		—	—
Cash paid to and on behalf of employees		1,346,580,224.71	1,260,304,204.10
Cash paid for taxes and surcharges		732,719,773.97	827,093,785.75
Cash paid relating to other operating activities		933,882,886.52	1,589,161,995.55
Sub-total of cash outflows		15,946,638,005.69	14,215,814,666.13
Net cash flows from operating activities		-2,294,931,749.97	-327,150,812.95

Items	Notes	Jan–Jun 2016	Jan–Jun 2015
II. Cash flows from investing activities			
Cash received from disposal of investments		2,380,909,369.81	3,571,819,383.66
Cash received from returns on investments		27,758,390.79	73,936,521.22
Net cash received from disposal of fixed assets, intangible assets and other long–term assets		371,515.10	317,768.03
Net cash received from disposal of subsidiaries and other business units		164,120,875.01	2,800,000.00
Cash received relating to other investing activities		103,275,466.68	73,618,094.24
Sub–total of cash inflows		<u>2,676,435,617.39</u>	<u>3,722,491,767.15</u>
Cash paid for purchase and construction of fixed assets, intangible assets and other long–term assets		425,972,867.91	278,462,465.38
Cash paid for acquisition of investments		1,770,115,643.84	3,266,852,852.66
Net increase in pledge loans		—	—
Net cash paid for acquisition of subsidiaries and other business units		—	—
Cash paid relating to other investing activities		205,606,424.36	–29,807,770.96
Sub–total of cash outflows		<u>2,401,694,936.11</u>	<u>3,515,507,547.08</u>
Net cash flows from investing activities		<u>274,740,681.28</u>	<u>206,984,220.07</u>
III. Cash flows from financing activities			
Cash received from capital contributions		20,000,000.00	—
Including: Cash received from minority shareholders’ capital contributions to subsidiaries		20,000,000.00	—
Cash received from borrowings		91,360,000.00	288,536,385.05
Cash received from issue of bond		—	—
Cash received relating to other financing activities		150,006,738.18	40,000,000.00
Sub–total of cash inflows		281,366,738.18	328,536,385.05
Cash repayments of borrowings		736,766,366.38	327,156,761.54
Cash payments for interest expenses and distribution of dividends or profits		186,511,568.31	236,908,191.22
Including: Subsidiaries’ cash payments for distribution of dividends or profits to minority shareholders		—	10,990,313.80
Cash paid relating to other financing activities		–4,898,184.16	–1,765,984.63
Sub–total of cash outflows		918,379,750.53	573,289,281.93
Net cash flows from financing activities		<u>–637,013,012.35</u>	<u>–244,752,896.88</u>

Items	<i>Notes</i>	Jan-Jun 2016	Jan-Jun 2015
IV. Effect of foreign exchange rate changes on cash and cash equivalents		10,505,915.64	-2,017,510.17
V. Net increase/ (decrease) in cash and cash equivalents		-2,646,698,165.40	-366,936,999.93
Add: Cash and cash equivalents at beginning of the period		17,178,496,464.76	13,563,036,710.58
VI. Cash and cash equivalents at end of the period		14,531,798,299.36	13,196,099,710.65

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Amount expressed in CNY unless otherwise stated.)

January to June in 2016

Items	Shareholder's Equity attributable to parent company													
	Paid-in Capital/Share capital) ¹⁾	preference shares	Other equity instruments perpetual debts	others	Capital reserves	treasury stock	Less: comprehensive income	Other comprehensive income	Special reserves	Surplus reserves	General risk provision	undistributed profits	Minority equity	Total equity
I. Balance at the end of prior year	1,376,806,000.00	—	—	—	2,749,914,774.17	—	-321,038,700.14	700.14	11,122,854.40	786,529,945.86	—	8,104,055,926.70	1,209,491,054.28	13,916,881,855.27
Add: Changes in accounting policies														
Corrections of prior period errors														
Business combination under common control														
Others														
II. Balance at the beginning of the year	1,376,806,000.00	—	—	—	2,749,914,774.17	—	-321,038,700.14	700.14	11,122,854.40	786,529,945.86	—	8,104,055,926.70	1,209,491,054.28	13,916,881,855.27
III. Increases/decreases in current year ("—"decreases)														
(I) Total comprehensive income	—	—	—	—	4,803,061.44	—	117,938,670.28	670.28	4,753,060.38	—	—	109,685,042.51	-100,070,655.64	137,109,178.97
(II) Shareholders' contribution and withdrawal	—	—	—	—	4,803,061.44	—	117,938,670.28	670.28	—	—	—	130,337,132.51	-14,387,838.23	233,887,974.56
i. Capital contributed by owners	—	—	—	—	—	—	—	—	—	—	—	—	-86,388,779.63	-81,585,718.19
ii. Capital contributed by other equity instruments holders	—	—	—	—	—	—	—	—	—	—	—	—	—	—
iii. The amount of share-based payments recorded in owners' equity	—	—	—	—	—	—	—	—	—	—	—	—	—	—
iv. Others	—	—	—	—	4,803,061.44	—	—	—	—	—	—	—	-86,388,779.63	-81,585,718.19
(III) Profit distribution	—	—	—	—	—	—	—	—	—	—	—	-20,652,090.00	—	-20,652,090.00
i. Appropriations to surplus reserves	—	—	—	—	—	—	—	—	—	—	—	—	—	—
ii. Appropriations to general risk provisions	—	—	—	—	—	—	—	—	—	—	—	—	—	—
iii. Distributions to shareholders	—	—	—	—	—	—	—	—	—	—	—	—	—	—
iv. Others	—	—	—	—	—	—	—	—	—	—	—	-20,652,090.00	—	-20,652,090.00
(IV) Transfers within owners' equity	—	—	—	—	—	—	—	—	—	—	—	—	—	—
i. Capital transferred from capital reserves	—	—	—	—	—	—	—	—	—	—	—	—	—	—
ii. Capital transferred from surplus reserves	—	—	—	—	—	—	—	—	—	—	—	—	—	—
iii. Recovery of losses by surplus reserve	—	—	—	—	—	—	—	—	—	—	—	—	—	—
iv. Others	—	—	—	—	—	—	—	—	—	—	—	—	—	—
(V) Special reserves	—	—	—	—	—	—	—	—	2,300,356.75	—	—	—	44,068.93	2,344,425.68
i. extraction in current period	—	—	—	—	—	—	—	—	2,890,187.20	—	—	—	45,330.93	2,935,518.13
ii. use in current period	—	—	—	—	—	—	—	—	-589,830.45	—	—	—	-1,262.00	-591,092.45
(VI) others	—	—	—	—	—	—	—	—	2,452,703.63	—	—	—	661,883.29	3,114,586.92
IV. Balance at the end of the period	1,376,806,000.00	—	—	—	2,754,717,835.61	—	-203,100,029.86	1,370.14	15,875,914.78	786,529,945.86	—	8,213,740,969.21	1,109,420,398.64	14,053,991,034.24

January to June in 2015

Shareholder's Equity attributable to parent company

Items	Paid-in Capital (Share capital)		Other equity instruments		Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk provision	undistributed profits	Minority equity	Total equity
	preference shares	others	perpetual debts	others									
I. Balance at the end of prior year	1,376,806,000.00	—	—	—	2,777,725,426.88	—	-236,065,084.33	7,958,665.67	780,503,096.67	—	7,968,943,488.04	1,329,180,388.12	14,005,051,979.05
Add: Changes in accounting policies													
Corrections of prior period errors													
Business combination under common control													
Others													
II. Balance at the beginning of the year	1,376,806,000.00	—	—	—	2,777,725,426.88	—	-236,065,084.33	7,958,665.67	780,503,096.67	—	7,968,943,488.04	1,329,180,388.12	14,005,051,979.05
III. Increases/decreases in current year ("—" decreases)													
(I) Total comprehensive income					-24,953,055.75		139,975,029.59	4,831,191.83	—		40,899,717.45	-90,057,959.93	70,784,923.19
(II) Shareholders' contribution and withdrawal							139,975,029.59				96,061,957.45	-89,188,102.03	146,848,885.01
i. Capital contributed by owners													
ii. Capital contributed by other equity instruments holders													
iii. The amount of share-based payments recorded in owners' equity													
iv. Others													
(III) Profit distribution					-24,953,055.75						-55,072,240.00	-1,855,126.63	-24,953,055.75
i. Appropriations to surplus reserves													
ii. Appropriations to general risk provisions													
iii. Distributions to shareholders													
iv. Others													
(IV) Transfers within owners' equity													
i. Capital transferred from capital reserves													
ii. Capital transferred from surplus reserves													
iii. Recovery of losses by surplus reserve													
iv. Others													
(V) Special reserves								4,831,191.83				985,268.73	5,816,460.56
i. Extraction in current period								10,685,936.77				1,039,650.20	11,725,586.97
ii. Use in current period								-5,854,744.94				-54,381.47	-5,909,126.41
(VI) others													
IV. Balance at the end of the period	1,376,806,000.00	—	—	—	2,752,772,371.13	—	-96,090,054.74	12,789,855.50	780,503,096.67	—	8,009,933,205.49	1,239,122,438.19	14,075,836,902.24

1. BASIC INFORMATION OF THE COMPANY

Harbin Electric Co., LTD (hereinafter as “ The Company”) was founded on Oct 6th 1994 which reorganized by Harbin Electric Corporation and Harbin Electric machinery Co. Ltd, Harbin Boiler Co. Ltd, and Harbin Turbine Co, Ltd in Harbin. The company’s reorganization was approved by State Commission for Restructuring the Economic System and listed on Hong Kong stock exchange on Nov. 5th 1994.

The company’s parent company and ultimate holding company: Harbin Electric Corporation

Industry: Power generation equipment manufacturing industry.

Main businesses: produce and sale generator and general contracting of power plant project

2. ACCOUNTING POLICIES

The Company has adopted the accrual basis of accounting. Except for certain financial instruments, which are measured at fair value, the Company has adopted the historical cost as the principle of measurement of the financial statements. Where assets are impaired, provisions for asset impairment are made in accordance with relevant requirements.

as of June 30, 2016, The accounting policies and methods used in the consolidated financial statements and the preparation of the consolidated financial statements were identical with of 2015 December 31 year annual financial statements according to the uniform.

3. INCOMES AND DIVISION’S DOCUMENTS

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

The company confirmed five reports’ division which was based on inter–corporation structure and corporate governance as following: Thermal power host equipment division, hydropower stations in the host equipment division, engineering services division, power plant auxiliary and supporting products, ac/dc motor and other five divisions. The individual report of the company offer the different products and services, or operating activities in different area. Due to different divisions need different technique and market strategy, the company’s managements report the operating activities of every division respectively and evaluate the operating outcomes regularly to decide how to allocate the resources and evaluate its performance.

The transfer price of divisions should decided by the actual price and the indirectly expenses of divisions should allocated by ratios. The assets should allocated by the operating of the divisions and its locations. The liabilities of divisions include the liabilities which related to the operating activities of the divisions. If several divisions bear the related expenses together, the divisions bear the liabilities together.

2) financial information of divisions

(1) Assets and liabilities of divisions

Items	Thermal power host devices	Water and electricity host devices	Plant engineering services	Power plant auxiliary and supporting products	Ac/dc motors and others	Total
2016.6.30						
Total assets of divisions	46,962,613,966.48	6,638,833,143.75	6,482,459,325.22	2,678,035,024.84	5,650,713,837.65	68,412,655,297.94
Total liabilities of divisions	<u>40,067,953,131.70</u>	<u>3,872,623,133.85</u>	<u>5,917,611,691.78</u>	<u>2,092,860,874.61</u>	<u>4,832,544,958.12</u>	<u>56,783,593,790.06</u>
Jan-Jun 2016						
Revenue of divisions						
External customer	6,693,250,825.16	1,452,332,536.52	4,994,191,857.24	598,341,687.31	1,056,128,212.62	14,794,245,118.85
Internal customer	690,663,228.63	–	100,110,091.90	–	2,937,044.87	793,710,365.40
Reportable revenue of divisions	7,383,914,053.79	1,452,332,536.52	5,094,301,949.14	598,341,687.31	1,059,065,257.49	15,587,955,484.25
Reportable revenue of gross profit	<u>1,065,491,255.46</u>	<u>224,125,636.51</u>	<u>281,775,602.69</u>	<u>94,365,806.46</u>	<u>121,039,757.07</u>	<u>1,786,798,058.19</u>
2015.12.31						
Total assets of divisions	45,976,826,455.94	7,624,998,447.81	6,185,229,462.31	4,517,011,670.37	7,282,640,251.67	71,586,706,288.10
Total liabilities of divisions	<u>34,253,484,815.40</u>	<u>4,564,784,463.07</u>	<u>5,518,401,880.38</u>	<u>3,529,407,618.66</u>	<u>6,063,128,299.85</u>	<u>53,929,207,077.36</u>
Jan-Jun 2015						
Revenue of divisions						
External customer	5,933,972,831.61	1,322,456,436.25	2,758,918,969.94	838,241,726.63	1,097,450,148.43	11,951,040,112.86
Internal customer	1,032,470,628.59	–	–	–	–	1,032,470,628.59
Reportable revenue of divisions	6,966,443,460.20	1,322,456,436.25	2,758,918,969.94	838,241,726.63	1,097,450,148.43	12,983,510,741.45
Reportable revenue of gross profit	<u>975,639,809.28</u>	<u>102,968,055.19</u>	<u>103,690,137.56</u>	<u>86,046,907.77</u>	<u>58,735,971.47</u>	<u>1,327,080,881.27</u>

(2) *Assets, revenue and liabilities of divisions*

Items	2016.6.30	2015.12.31
Assets		
Reportable assets of divisions	68,412,655,297.94	71,586,706,288.10
Offset division's accounts from related parties	-26,324,894,843.99	-27,474,455,403.86
Reportable net assets of divisions	42,087,760,453.95	44,112,250,884.24
Deferred tax assets	298,230,032.02	333,842,705.26
Other non-current assets		
Financial assets which measured by fair value and the changes reckon in current period profit/loss		
Restricted and mortgaged bank loan		
Deposit in bank	14,489,466,864.53	16,572,749,985.51
Deposit in central bank	841,423,747.46	827,070,142.98
Cash and cash equivalents	49,950,191.61	837,186,029.23
Unallocated assets of head office and the company	5,265,323,101.92	1,480,145,750.92
Total assets	63,032,154,391.49	64,163,245,498.14
Liabilities		
Reportable liabilities of divisions	56,783,593,790.06	53,929,207,077.36
Offset division's accounts from related parties	-26,324,894,843.99	-27,474,455,403.86
Reportable net liabilities of divisions	30,458,698,946.07	26,454,751,673.50
Tax payable		
Unallocated liabilities of head office and the company	18,519,464,411.18	23,791,611,969.37
Total liabilities	48,978,163,357.25	50,246,363,642.87
Revenue		
Items	Jan-Jun 2016	Jan-Jun 2015
External revenue	15,587,955,484.25	12,983,510,741.45
Internal revenue	-793,710,365.40	-1,032,470,628.59
Total revenue	14,794,245,118.85	11,951,040,112.86
Reportable gross profit	1,786,798,058.19	1,327,080,881.27
Offset losses between divisions		22,734,516.31
External customers' reportable gross profit	1,786,798,058.19	1,349,815,397.58
Long-term equity investment account by equity method	-7,126,120.71	4,145,961.84
Interests income	139,885,220.72	71,968,466.50
Chinese government grants	42,936,827.12	9,643,275.45
Financial assets which measured by fair value and the changes reckon in current period profit/loss	80,871,846.14	-311,336,162.24
Financial liabilities-cash flow hedge which measured by fair value and the changes reckon in current period profit/loss		
Interest expenses	-144,575,998.06	-147,888,740.62
Undistributed other revenue and net revenue		
Undistributed expenses of head office and the company	-1,668,519,724.04	-834,057,203.27
Total profit	230,270,109.36	142,290,995.24

4. MANAGEMENT EXPENSES

From Jan 1th 2016 to June 30th 2016, the management expenses is CNY948,901,640.62(same period in 2015 was CNY915,233,234.50) which consist of labor costs and amortization depreciation, etc.

5. ASSETS IMPAIRMENT LOSS

Items	Jan–Jun 2016	Jan–Jun 2015
Bad debt loss	421,109,757.70	413,483,627.43
Loss on inventory valuation	-15,497,150.43	-9,193,367.90
Total	<u>405,612,607.27</u>	<u>404,290,259.53</u>

Explanation: current period withdrawing account receivable and other account receivable provision for diminution in value CNY421,109,757.70. the provision will use to cancel after verification of account receivable and other account receivable.

6. PROFIT BEFORE TAX AND AMORTIZATION DEPRECIATION

Items	Jan–Jun 2016
Net profit	115,949,304.28
Income tax expenses	114,320,805.08
Withdrawing depreciation of fixed assets	351,114,600.93
Withdrawing amortization intangible assets	24,003,276.20
Withdrawing long–term unamortized expenses	5,811,867.52
Interests and investment income	16,115,485.97
Interests income of finance company	-181,554,669.03
Interests expenses	118,905,690.12
Interests expenses of finance company	6,886,583.21
Profit before tax and amortization depreciation	<u>571,552,944.28</u>

7. DIVIDEND

Items	Jan–Jun 2016	Jan–Jun 2015
Dividend of per share CNY0.0015 at the 2015 closing balance	20,652,090.00	
Dividend of per share CNY0.04 at the 2014 closing balance		55,072,240.00
Total	<u>20,652,090.00</u>	<u>55,072,240.00</u>

Director does not suggest pay any interim dividend from January to June 2016 (same period of 2015: CNY0).

8. EARNINGS PER SHARE

	Jan–Jun 2016	Jan–Jun 2015
Shareholders' net profit attributable to parent company	130,337,132.51	96,061,957.45
During the period of the weighted average number of shares of common shares outstanding	1,376,806,000.00	1,376,806,000.00
Earnings per share	<u>0.09</u>	<u>0.07</u>

Explanation: from Jan 1th–Jun 30th 2016 and 2015, the company has not potential impact of issued ordinary share, diluted earnings per share is the same as basic earnings per share.

9. INCOME TAX

The Company got the High–tech certificate number: GR20142300008 which issued on August 5, 2014 Valid for three years and the profits corporate tax rate was 15%. Besides, some subsidiary companies enjoyed income corporate tax rate 15%, the others should pay the tax by 25% profits corporate rate.

The company does not have Hong Kong Profit Tax to pay from January to June 2016.

Based on the nation tax documents [2008] No 897 of State Administration of Taxation “notes about withhold and remit tax of Chinese residents enterprise distribute dividend to overseas H–stock non–residents enterprises”, Chinese residents enterprise distribute dividend which 2008 and the years after 2008 to overseas H–stock non–residents shareholders, should withhold and remit income corporate tax 10%.

10. NOTES RECEIVABLE

Type	2016.6.30	2015.12.31
Bank acceptance	2,207,716,167.61	2,037,440,761.81
Business acceptance	<u>116,450,042.63</u>	<u>270,968,312.13</u>
Total	<u>2,324,166,210.24</u>	<u>2,308,409,073.94</u>

Explanation: as of June 30, 2016, the ending balance of notes receivable were within a year.

11. ACCOUNTS RECEIVABLE

Customer access to the authorization of the credit period is different, generally depending on the financial strength of individual customers. In order to effectively manage the credit risks associated with accounts receivable, the Group periodically evaluates the customer's credit.

Type	2016.6.30			
	Carrying Amount		Bad debt Provision	
	Amount	Percentage(%)	Amount	proportion of providing(%)
Accounts receivable with individual significance and accruing bad debt provision individually	625,553,124.51	3.85	260,937,097.33	41.71
Accounts receivable accruing bad debt provision in portfolio	15,368,401,704.61	94.67	5,095,985,704.82	33.16
Accounts receivable with individual insignificance but individually accruing bad debt provision	240,920,874.51	1.48	20,449,475.94	8.49
Total	16,234,875,703.63	100.00	5,377,372,278.09	

Type	2015.12.31			
	Carrying Value		Bad debt Provision	
	Amount	Percentage(%)	Amount	proportion of providing(%)
Accounts receivable with individual significance and individually accruing bad debt provision	703,392,234.57	4.38	228,881,340.51	32.54
Accounts receivable accruing bad debt provision in portfolio	15,208,744,054.44	94.78	4,781,530,327.29	31.44
Accounts receivable with individual insignificance and individually accruing bad debt provision	134,051,478.31	0.84	48,005,143.54	35.81
Total	16,046,187,767.32	100.00	5,058,416,811.34	/

(1) **Accounts receivable accruing bad debt provision based on a portfolio**

(1) *Accounts receivables accruing bad debt provision by applying aging analysis*

Aging	2016.6.30			2015.12.31		
	Carrying amount		proportion of providing(%)	Carrying amount		proportion of providing(%)
	Amount	Bad debt Provision		Amount	Bad debt Provision	
Within one year (including one year)	5,990,601,099.70	285,783,303.87	4.77	5,761,727,123.88	190,385,466.68	3.30
One to two years (including two years)	3,098,092,791.76	562,436,651.59	18.15	3,045,834,676.27	463,978,308.95	15.23
Two to three years (including three years)	1,927,318,200.70	754,355,098.97	39.14	1,971,078,876.27	759,626,960.26	38.54
Three to four years (including four years)	1,656,245,834.40	1,117,063,636.75	67.45	1,762,154,770.24	1,106,046,905.53	62.77
Four to five years (including five years)	1,092,486,665.29	859,857,794.89	78.71	969,299,735.66	666,066,005.90	68.72
Over five years	1,603,657,112.76	1,516,489,218.75	94.56	1,698,648,872.12	1,595,426,679.97	93.92
Total	<u>15,368,401,704.61</u>	<u>5,095,985,704.82</u>		<u>15,208,744,054.44</u>	<u>4,781,530,327.29</u>	

(2) **Accounts receivable with individual significance and accrued bad debt provision individually at the year-end**

(1) *Accounts receivable with individual significance but individually accruing bad debt provision at the year-end.*

Debtor Name	Carrying Amount	Bad Debt	proportion of providing(%)	Reason
National water conservancy irrigation department of the republic of Sudan(Merowe project) etc	625,553,124.51	260,937,097.33	41.71%	
Total	<u>625,553,124.51</u>	<u>260,937,097.33</u>	<u>41.71%</u>	

(2) *Accounts receivable with individual insignificance but individually accruing bad debt provision at the year-end.*

Debtor Name	Carrying Amount	Bad Debt	proportion of providing(%)	Reason
Energy China CEEEC Xingyi Qingshuihe company etc	240,920,874.51	20,449,475.94	8.49%	
Total	<u>240,920,874.51</u>	<u>20,449,475.94</u>	<u>8.49%</u>	

The situation of provision, restitution and withdrawing bad debt in the period

The company prepared CNY318,955,466,75 bad debt provision.

The currency mentioned in this report was Renminbi.

12. NOTES PAYABLE

Type	2016.6.30	2015.12.31
Commercial Acceptance Bill	4,049,343,853.20	4,562,398,513.21
Bank Acceptance Bill	<u>634,995,835.34</u>	<u>491,039,222.34</u>
Total	<u><u>4,684,339,688.54</u></u>	<u><u>5,053,437,735.55</u></u>

Note: as of June 30, 2016, The ending balance of notes payable were within a year.

13. ACCOUNTS PAYABLE

(1) Aging of accounts payable

Aging	2016.6.30	2015.12.31
Within one year (including one year)	9,911,163,452.12	9,717,159,710.65
One to two years (including two years)	2,512,865,775.56	2,098,735,142.36
Two to three years (including three years)	1,030,951,848.92	624,274,436.20
Over three years	<u>693,979,068.69</u>	<u>597,774,338.88</u>
Total	<u><u>14,148,960,145.29</u></u>	<u><u>13,037,943,628.09</u></u>

OPERATING RESULTS

For the six months ended 30 June 2016, the Group recorded an operating revenue of RMB14,794.25 million, an increase of 23.79% as compared with the same period last year. The Group recorded a net profit attributable to the parent company of RMB130.34 million, an increase of 35.68% as compared with the same period last year. Earnings per share were RMB0.09, an increase of RMB0.02 as compared with the same period last year. The Company's total equity attributable to the owners of the parent company at the end of the period was RMB12,944.57 million, an increase of RMB237.18 million over the beginning of the period; and net assets per share were RMB9.40, an increase of RMB0.17 over the beginning of the period. The increase in profit of Group during the period was mainly attributable to the expansion of sales scale and an increase in gross profit margin.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2016.

INDUSTRY DEVELOPMENT AND BUSINESS REVIEW

During the first half of 2016, facing complications from both the international and domestic fronts with continuous relatively strong pressure of economic downturn, China's overall national economy sustained a steady and healthy growth, whereas the GDP went up by 6.7% as compared to the same period last year.

According to the statistics of China Electricity Council, during the first half of the year, newly installed capacity of power generating units in China reached 56,990 MW, representing an increase of 13,600 MW as compared with the same period last year, of which newly installed capacity of non-fossil fuel generating units reached 30,240 MW, accounting for 53.1% of newly installed generating units. Newly installed capacity of thermal power generating units was 27,110 MW (including coal power of 21,490 MW), a decrease of 6.4% in investment as compared with the same period last year; newly installed capacity of hydropower generating units was 4,370 MW, a decrease of 17.9% in investment as compared with the same period last year, which was recorded a decline for four consecutive years; wind power investment decreased by 38.4%; and nuclear power investment increased by 5.1% as compared with the same period last year.

Given the overcapacity in power market, utilization hours of thermal power generator equipment were 1964 hours, representing a decrease of 194 hours as compared with the same period last year, being the lowest for the same period in the last decade. The demand for power equipment was worsened due to power surplus. During the first half of the year, the number of new coal power project tenders dropped sharply, while demands for nuclear power products and fuel-fired power generators in the market were insufficient. As the market competition grew increasingly fierce, the prices of product orders decreased. On the other hand, with the gradual implementation of the policy of "cut overcapacity", execution risk in coal power projects in hand became higher.

Under the severe external environment, the Group addressed the following areas in the first half of this year:

Firstly, we were customer-oriented while securing more orders from the market. We strengthened connections with customers in order to understand their needs and solve their problems;

Secondly, we achieved breakthrough in quality while enhancing competitiveness. We extricated ourselves based on quality through strengthening our quality management as well as scientific and technological innovation, so as to ensure effectiveness in quality and acquire orders in science and technology segment;

Thirdly, we enhanced profitability based on effectiveness. We perfected our procurement system to enhance management, strengthen our control over expenses and reduce cost target in such areas as technology;

Fourthly, we focused on emerging industries while further intensifying structure adjustment. We emphasized on better integration and development of nuclear power and fuel-fired power generators.

In the meantime, we deepened our reform, facilitated our internal structure, adopted a more scientific and reasonable, simple and high-efficiency structure of headquarters and reinforced the headquarters' control and efficiency.

NEW CONTRACTS

During the first half of the year, the value of new contracts secured by the Group amounted to RMB10.280 billion, a decrease of approximately 7.06% from the same period last year, to which export contract contributed RMB0.394 billion, a decrease of 74.73% from the same period last year. Among the contracts in the first half of the year, thermal power accounted for 66.03%; hydropower accounted for 9.02%; nuclear power accounted for 4.24%; conversion and spare parts accounted for 11.10%; and the others accounted for 9.61%.

PRODUCTION AND SERVICES

The capacity of the Group's power equipment produced during the first half of the year was 13,180.1 MW, an increase of 29.9% as compared with the same period last year, among which 2,499.1 MW were generated by 24 water turbine generators, representing an increase of 29.6% as compared with the same period last year; 10,681.0 MW were generated by 28 steam turbine generators, representing an increase of 29.9% as compared with the same period last year; 6,800 MW were generated by 20 utility boilers, representing an increase of 11.9% as compared with the same period last year; while 5,134 MW were generated by 15 steam turbines for power plants, representing a decrease of 23.3% as compared with the same period last year.

OPERATING REVENUE AND COST

As at 30 June 2016, the Group recorded an operating revenue of RMB14,794.25 million, an increase of 23.79% as compared with the same period last year. In particular, operating revenue of main thermal power equipment was RMB5,977.69 million, an increase of 15.34% as compared with the same period last year. Operating revenue of nuclear power equipment was RMB715.56 million, a decrease of 4.74% as compared with the same period last year. Operating revenue of main hydropower equipment was RMB1,452.34 million, an increase of 9.82% as compared with the same period last year. Operating revenue of engineering services for power stations was RMB4,994.19 million, an increase of 81.02% as compared with the same period last year. Operating revenue of ancillary equipment for power stations was RMB598.34 million, a decrease of 28.62% as compared with the same period last year. Operating revenue of AC/DC motors and other products and services was RMB1,056.13 million, a decrease of 3.77% as compared with the same period last year.

During the period, the Group recorded an export turnover of RMB5,177.96 million, accounting for 35.00% of the operating revenue. The exports were mainly to Turkey, Indonesia and Ecuador, among which exports to Asia accounted for 20.99% of the export turnover, whereas exports to Southern America accounted for 11.98% of the export turnover.

During the period, the operating cost of the Group was RMB13,007.45 million, an increase of 22.44% as compared with the same period last year, which is mainly attributable to the growth of scale of operation.

GROSS PROFIT AND GROSS PROFIT MARGIN

As at 30 June 2016, the Group realized a gross profit from operating business of RMB1,786.80 million, an increase of 34.64% as compared with the same period last year. The gross profit margin was 12.08%, an increase of 0.98 percentage point as compared with the same period last year, which was mainly attributable to increase in gross profit margin of hydropower business segment.

Among them, the gross profit from main thermal power equipment was RMB947.34 million and the gross profit margin was 15.85%, a decrease of 1.68 percentage points as compared with the same period last year. The gross profit from nuclear power equipment was RMB118.15 million and the gross profit margin was 16.51%, an increase of 7.55 percentage points as compared with the same period last year. The gross profit from main hydropower equipment was RMB224.13 million and the gross profit margin was 15.43%, an increase of 7.64 percentage points as compared with the same period last year. The gross profit from engineering services for power stations was RMB281.77 million and the gross profit margin was 5.64%, an increase of 1.88 percentage points as compared with the same period last year. The gross profit from ancillary equipment for power stations was RMB94.37 million and the gross profit margin was 15.77%, an increase of 5.5 percentage points as compared with the same period last year. The gross profit from AC/DC motors and other products and services was RMB121.04 million and the gross profit margin was 11.46%, an increase of 4.86 percentage points as compared with the same period last year.

EXPENSES FOR THE PERIOD

As at 30 June 2016, the Group's distribution expenses amounted to RMB262.56 million, a decrease of RMB1.94 million or 0.73% as compared with the same period last year. Administrative expenses incurred amounted to RMB948.90 million, an increase of RMB33.67 million or 3.68% as compared with the same period last year. Finance costs incurred was RMB83.38 million, a decrease of RMB6.51 million or 7.24% as compared with the same period last year.

The increase in expenses for the period is mainly attributable to the increase in expenses from technology research base in Jiangbei for the current period.

ASSETS AND LIABILITIES

As at 30 June 2016, the total assets of the Group amounted to RMB63,032.15 million, a decrease of RMB1,131.10 million or 1.76% over the beginning of the period, among which the current assets were RMB54,985.96 million, representing 87.23% of the total assets, and the non-current assets were RMB8,046.19 million, representing 12.77% of the total assets.

The total liabilities of the Group amounted to RMB48,978.16 million, a decrease of RMB1,268.20 million or 2.52% over the beginning of the period, among which the current liabilities were RMB44,602.52 million, representing 91.07% of the total liabilities, and the non-current liabilities were RMB4,375.64 million, representing 8.93% of the total liabilities, including the five-year domestic corporate bonds with an issuing scale of RMB3.0 billion by the Company in March 2013. The balance of bonds payable for the current period was RMB2,997.08 million. As at 30 June 2016, the gearing ratio of the Group was 77.70%.

MONETARY CAPITAL AND CASH FLOWS

As at 30 June 2016, the monetary capital of the Group was RMB15,380.84 million, representing a decrease of RMB2,856.17 million as compared to the beginning of the period. During the period, the negative net cash flow generated from operating activities of the Group was RMB2,294.93 million, while investing activities generated net cash flow of RMB274.74 million and financing activities generated negative net cash flow of RMB657.01 million.

FUNDING AND BORROWINGS

The Group currently has four funding sources for operation and development, namely shareholder's funds, trade receivables from customers, bank borrowings and corporate bonds. The Group arranges borrowings for each specific project. Except for some special situations, loans will be raised individually by the Group's subsidiaries. However, prior approval from the parent company is required in respect of borrowings raised for capital investments. As at 30 June 2016, the Group's total borrowings amounted to RMB2,765.14 million, all of which amounts were borrowed from various commercial banks and the state's policy banks with interest rates stipulated by the state. Among the borrowings, the amount due within one year was RMB2,765.14 million, a decrease of RMB413.26 million over the beginning of the period. There was no borrowing due after one year. The amounts received in advance were RMB21,093.20 million, a decrease of RMB374.09 million over the beginning of the period.

GEARING RATIO

As at 30 June 2016, gearing ratio of the Group (calculated as non-current liabilities over total shareholders' equity) was 0.34:1 as compared to 0.35:1 at the beginning of the period.

TAX POLICIES

According to the provisions of Administrative Measures with regard to the Recognition of High and New Technology Enterprises (《高新技術企業認定管理辦法》) jointly issued by the Ministry of Science and Technology, the Ministry of Finance and the State Administration for Taxation of the PRC on 14 April 2008 and the Administrative Guidance with Regard to the Recognition of High and New Technology Enterprises (《高新技術企業認定管理工作指引》) jointly issued by the Ministry of Science and Technology, the Ministry of Finance and the State Administration of Taxation on 8 July 2008, corporations including the Company and five of its subsidiaries, namely Harbin Electrical Machinery Company Limited, Harbin Boiler Company Limited, Harbin Turbine Company Limited, Harbin Electric Power Equipment Company Limited and HE Harbin Power Plant Valve Company Limited were entitled to a 15% preferential income tax rate.

In accordance with regulations of the State Administration of Taxation, the average rate for tax rebate applicable to the Group's new export products contracts is 13% with effective from 15 October 2003.

Pursuant to the Implementation Measures of the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》), the Group is included in the general framework of the value-added tax system reform, which allows the Group to deduct the value-added tax incurred for the purchase of equipment.

Under the Opinions of Central Committee of the Communist Party of China and the State Council on the Revitalization Strategies for Historical Industrial Bases of the Northeast Regions (《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》), the Group will continue to enjoy the relevant favorable policies in supporting such revitalization for historical industrial bases of the northeast regions.

STAFF

As at 30 June 2016, the employees of the Group totaled at 17,277 and the total remuneration amounted to RMB711.38 million.

PROSPECTS

In 2016, the global economy remains in slow recovery amidst uncertainties and instabilities. China's economic development has entered the new normal module while the downward pressure keeps growing.

Despite the fact that there is overcapacity in domestic thermal power and thermal power market has entered a wintry stage, the potential of energy saving transformation market is great; meanwhile, the state's vigorous development of non-fossil fuel, hydropower, nuclear power, hybrid will bring about new opportunities. Besides, the implementation of "One Belt One Road" strategy will bring new market opportunities to the power equipment manufacturing entities.

The Group is in the critical moment of reform and development. In the face of harsh market environment and difficult tasks of production operations, the Group will adhere to its innovation-led strategy, accelerate its transformation and upgrading, as well as emphasize its principal operations to enhance effectiveness in marketing, cost cutting, quality, the "outbound" strategy and reformation. The Group will further reform its internal organization and motivate all parties to take initiative to capture the opportunities and attain subsisting healthy development.

The Board sincerely appreciates the continuous support and trust from all shareholders and the efforts of the management and all employees of the Company!

THE SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2016, the total issued share capital of the Company was 1,376,806,000 shares. The shareholdings of substantial shareholders were as follows:

Name of Shareholders	Class of Shares	Number of Shares	Percentage to total share capital (%)	Position held
Harbin Electric Corporation	State-owned legal person shares	701,235,000	50.93%	Long position
HKSCC Nominees Limited	H shares	615,862,598	44.73%	Long position

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

As at 30 June 2016, none of the Directors, Supervisors and senior management of the Company and their associates had any interest and short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance).

MODEL CODE

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

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

During the period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CONTINGENT LIABILITIES

Pending Litigation

As at the end of the interim period, the Group has two pending litigations and the dispute has not been finalized. The Company had made a provision for loss of RMB175,546,019.36 based on possible liabilities relating to the dispute in a pending litigation.

Pledge of Assets

As at 30 June 2016, the Group pledged its assets of RMB116.15 million to secure loans for liquidity.

CORPORATE GOVERNANCE CODE

The Company is currently and has been at all times during the accounting period in compliance with the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Listing Rules of the Hong Kong Stock Exchange, save that the rotation of the seventh Board of Directors and Supervisory Committee has been delayed due to that the Company is still in the process of finding the candidates for the new session of Directors and Supervisors.

THE AUDIT COMMITTEE

The members of audit committee of the Company include Liu Deng-qing, Yu Bo and Yu Wen-xing. The Board's audit committee has reviewed these interim results.

BDO China Shu Lun Pan Certified Public Accountants LLP, the Group's auditors, have carried out a review of the unaudited interim report for the six months ended 30 June 2016 in accordance with the requirements of "China Certified Public Accountant Review Standard No. 2101 — Review of Financial Statement".

SHAREHOLDERS' MEETING

The extraordinary general meeting of the Company was held in Harbin, PRC on 29 January 2016, whereas the 2015 annual general meeting of the Company was held in Harbin, PRC on 27 May 2015, the results of which have been published on the websites of Hong Kong Stock Exchange and the Company.

DOCUMENTS AVAILABLE FOR INSPECTION

The Articles of Association of the Company and the original copies of the interim report and reviewed financial statements as at 30 June 2016 will be available for inspection at the head office of the Company at 1399 Chuangxinyi Road, Songbei District, Harbin, the PRC.

By Order of the Board
Harbin Electric Company Limited
Si Ze-fu
Chairman

Harbin, PRC, 19 August 2016

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. Yu Bo, Mr. Liu Deng-qing and Mr. Yu Wen-xing.