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# OVERVIEW OF THE COMPANY

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̂ d e a e ̂ e : ̂ d e e e a ̂ e ̂ ca ac, ̂ 1,000 MW, acc ̂ f 50% f ̂ a ed ca ac, f ̂ d e C ̂ a;

̂ cea e a e ̂ e : ̂ cea a d a d c e a a d e ̂ e f ̂ cea e a ̂ e ̂ ca ac, ̂ 1,400 MW ca ;

c e e e f e a e e ̂ e : 9F/9H ca a ̂ b e a d c b e d a a d e a c e e ;

cea e e , : R&D a d ̂ d ̂ c f ̂ d ̂ c ̂ c ̂ a a e e , da e a d d e a a ;

̂ d ̂ c : a c a, e ̂ e f e a , d ̂ , b e , d ̂ a e a ̂ b e , c de ce , a e f e a , e ̂ e e , ec ;

## OVERVIEW OF THE COMPANY (CONTINUED)

... c ... f ... a ... ec ;

... cef c ... e e f ... a a d , d ... e e f ... e ;

... a de ... fe f ... e f ... e a ;

afe - ae ... cef ... e a e f ... e ... d f c ;

R&D fe ... ee ... ec ... , f c ... ee e f ... ee f ... e ;

R&D f ... e e f ... e a d ... a c a , ... d f c ;

e ... e a ... ec ... e ee ... e ... ce , f c ... a de f f f ... a , de f ca ... a d d f ... e ... a .

T ... C ... a , ac ... e , a c ... ae ... e c ... f c ... f 'Be a d R ad , ... f , de ... e ... e a ... a a e a d ad ... a ce ... e ... d ' ... n ... e d ... e a ... e ee ... c ac ... fed , a de ... d f c ... e 50 c f ... e a d e ... A a , Af ca , E f ... e a d A e ca .

T ... C ... a , b ... e ... e ... a ... f ... ae ... ce f c ... e e ac ... n ... ec ... n , a d ... a a e e , a ... e a a c ... e ... e ... e , e f ... f a , a f ... a ce a d f a , c ... n ... a a e f ad ... a ced ... d f c ... a d e e ac ... f ac ... e . I ca ab ... e ... e e ac ... a d de ... e , ... d f c ... a d a f f ac f ... a d ... e a c ... f c ... a . e ... e ... e ... e e f ... e a f f ac f ... d f , C ... n a .

## FINANCIAL HIGHLIGHTS

	U	2023	2022	2021	2020	2019
Operating income	RMB'000	<b>28,840,864.27</b>	24,643,794	21,225,313	23,760,400	22,515,591
Trade receivables	RMB'000	<b>769,006.75</b>	205,777	-4,200,267	76,958	217,143
Net financial assets	RMB'000	<b>574,760.04</b>	98,638	-4,142,448	-7,281	106,173
Total assets	RMB'000	<b>71,296,954.27</b>	63,283,531	60,610,193	57,961,256	55,082,667
Total liabilities	RMB'000	<b>56,709,158.68</b>	50,909,669	48,415,507	41,761,206	39,226,502
Minority interest	RMB'000	<b>723,093.44</b>	645,912	625,992	522,836	276,526
Net financial liabilities	RMB'000	<b>13,864,702.15</b>	11,727,950	11,568,694	15,677,215	15,579,639
Net asset value	RMB	<b>6.200</b>	6.872	6.779	9.187	9.129
Equity value	RMB	<b>0.257</b>	0.058	-2.427	-0.004	0.062

## FINANCIAL HIGHLIGHTS (CONTINUED)

	Year ended 31 December, 2023		Year ended 31 December, 2022	
	Income RMB'000	Contribution of operating profit RMB'000	Income RMB'000	Contribution of operating profit RMB'000
Net operating profit	15,746,848	2,018,847	11,745,985	1,664,397
Net interest income, net of expenses	703,229	42,555	1,217,460	-42,598
Gain on disposal of property, plant and equipment	5,905,260	192,498	5,157,594	66,600
Provision for impairment of financial assets	3,792,971	162,024	3,147,200	118,964
Other income	2,202,381	770,897	3,178,913	991,104
Other	490,175	-67,040	196,642	64,964
<b>Total</b>	<b>28,840,864</b>	<b>3,119,781</b>	24,643,794	2,863,431
Equity accounted for investment		-2,350,774		-2,657,654
<b>Total Profit</b>		<b>769,007</b>		205,777

# CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I would like to welcome you to the 2023 Annual General Meeting of Harbin Electric Company Limited (the "Company") and thank you for your support.

Through the past year, the Company has achieved significant progress in various aspects. In 2023, the Company completed the strategic restructuring of its subsidiaries, including the integration of Harbin Electric Machinery and Harbin Electric Power. The Company's revenue increased by 17.03% to RMB28,841 million, and its net profit increased by 29.53% to RMB43,565 million. The Company's operating profit increased by 17.03% to RMB574.76 million, and its operating profit margin increased to 29.53%. The Company's financial position remained stable, with total assets of RMB476.12 million and total liabilities of RMB28,841 million. The Company's cash and cash equivalents increased by 17.03% to RMB476.12 million.

During the reporting period, the Company has actively participated in the "Two Sessions" and the "Three Sessions" of the National People's Congress, and the "Two Sessions" of the Harbin Municipal People's Congress. The Company has actively participated in various social activities, and has made significant contributions to the economic and social development of Harbin. The Company has also actively participated in various social activities, and has made significant contributions to the economic and social development of Harbin.

As a leading enterprise in the field of electrical equipment, the Company has a long history and a strong reputation. The Company has a complete product line, including various types of electrical equipment, and has a strong R&D capability. The Company has also actively participated in various social activities, and has made significant contributions to the economic and social development of Harbin.

## CHAIRMAN'S STATEMENT (CONTINUED)

In 2024, the Company, through its subsidiaries, continued to focus on the core business of providing comprehensive financial services. The Company has achieved significant milestones in the past year, including the successful completion of the IPO of the Company's subsidiary, which has further strengthened the Company's financial position and expanded its market reach. The Company has also continued to invest in research and development, particularly in the areas of digital finance and artificial intelligence, to enhance its competitive advantage and provide better services to its customers. The Company's strong financial performance and strategic investments have laid a solid foundation for its long-term sustainable development.

Management believes that the Company's strong financial performance and strategic investments have laid a solid foundation for its long-term sustainable development. The Company's strong financial performance and strategic investments have laid a solid foundation for its long-term sustainable development. The Company's strong financial performance and strategic investments have laid a solid foundation for its long-term sustainable development. The Company's strong financial performance and strategic investments have laid a solid foundation for its long-term sustainable development. The Company's strong financial performance and strategic investments have laid a solid foundation for its long-term sustainable development.

In the future, the Company will continue to focus on the core business of providing comprehensive financial services, and will continue to invest in research and development, particularly in the areas of digital finance and artificial intelligence, to enhance its competitive advantage and provide better services to its customers.

Chairman

**Cao Zhi-an**

Hab, PRC, 28 March 2024



# MANAGEMENT DISCUSSION AND ANALYSIS

U e e e aed, a a f a e de a ed Re b.

## MACRO-ECONOMY AND INDUSTRY DEVELOPMENT

In 2023, the face of the world, especially in the field of science and technology, has shown a rapid development trend. The global economy has entered a period of adjustment and recovery, with the impact of the COVID-19 pandemic still being felt. The global economic growth has slowed down, and the recovery is uneven. The United States has implemented a series of measures to stimulate economic growth, while the European Union has focused on digital transformation and green development. China has continued to implement its reform and opening-up policy, and has achieved significant achievements in economic development and technological innovation. The global economic environment is complex and changing, and companies need to closely follow the market trends and adjust their business strategies accordingly.

In 2023, the company has fully taken into account the impact of the macro-economy and industry development. The company has actively adjusted its business strategy, focusing on the development of core businesses and strengthening the layout of emerging industries. The company has also paid attention to the improvement of its management level and the optimization of its cost structure, and has achieved significant results in the field of technological innovation and talent cultivation. The company will continue to adhere to the strategy of "high-quality development" and strive to achieve sustainable and healthy development in the future.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## PRODUCTION AND OPERATION

In 2023, the Company, through its subsidiaries, has completed the construction of the Ge'e'a Sec'e'a, X J... and... the... of CPC Ce'a C... ee a d... Sae C... W... a... ee... e... the... Company, finished the... a... ad... d... f... e... b... the... a... de... e... a... b... the... f... d... a... d... e... e... n... e... a... d... n... the... e... fa... ac... the... Company.

### Net income

In 2023, the... of the Company, reached RMB43,565 billion... ed... ac... e... e... a... ea... y... ea... cea... e... f... 29.53%,... f... RMB24.59 billion... f... e... y... e... e... f... e... a... ea... y... ea... cea... e... f... 44.32% (RMB13.973 billion... f... the... a... e... f... e... a... ea... y... ea... cea... e... f... 101.66%; RMB5.873 billion... f... 'nd... e... f... e... a... ea... y... ea... cea... e... f... 38.81%; RMB1.982 billion... f... f... cea... e... f... e... a... ea... y... ea... dec... ea... e... f... 41.77%; RMB1.687 billion... f... ea... e... f... e... a... ea... y... ea... dec... ea... e... f... 16.81%); RMB994... f... ee... a... d... cab... d... e... f... e... a... ea... y... ea... dec... ea... e... f... 27.76%; RMB5.936 billion... f... cea... a... d... eff... ce... d... fa... a... e... a... ea... y... ea... cea... e... f... 23.00%; RMB6.957 billion... f... EPC... a... d... ad... a... ea... y... ea... cea... e... f... 22.68%; a... d... RMB5.088 billion... f... de... a... fa... ct... a... d... e... ce... d... fa... a... ea... y... ea... cea... e... f... 7.8%.

Net... e... e... f... e... :D... e... b... the... d... e... f... the... a... e... a... e... the... fa... ct... ac... a... fa... ct... of... the... Company, the... a... e... e... f... e... cea... ed... f... ca... ; the... f... ed... a... e... a... e... c... f... ed... the... b... de... e... e... d... a... d... the... fa... ct... ac... a... fa... ct... the... 'nd... e... d... fa... a... e... a... .

Ge'e'a d... cab... d... e... f... e... :The... Company, a... a... cea... e... the... de... f... the... a... e... f... e... d... fa... .

Cea... a... d... eff... ce... d... fa... a... e... :The... Company, a... a... cea... de... the... d... fa... a... e... c... the... cab... fa... e... a... d... fa... a... e... n... the... fa... ct... ac... a... fa... ct... cea... e... ad... .

EPC... a... d... ad... :The... Company, c... f... ed... cea... e... eff... de... e... the... e... ea... EPC... a... e... a... d... ec... f... ed... de... f... a... fa... ct... be... f... EPC... ec... Ce... a... A... a... d... S... fa... the... a... the... e... f... a... cea... e... the... fa... ct... ac... a... fa... ct... e... .

M... de... a... fa... ct... a... d... e... ce... d... fa... a... :The... Company, ... f... e... ed... the... e... ce... a... e... ce... e... de... e... e... a... f... be... a... '... ea... a... d... a... e... a... ce... e... ce... e... ce... e... de... e... f... e... ad... n... the... fa... ct... ac... a... fa... ct... e... .

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## Production

In December 2023, the Company's production capacity utilization rate was 76.4%, an increase of 6.44 percentage points compared with the same period in 2022. In 2023, the Company's production capacity utilization rate was 138.7%, an increase of 20.49 percentage points compared with the same period in 2022. The Company's production capacity utilization rate was 35.6% in the first half of 2023, an increase of 13.69 percentage points compared with the same period in 2022. The Company's production capacity utilization rate was 8.1% in the second half of 2023, an increase of 15.16 percentage points compared with the same period in 2022.

## Scientific Research and Innovation

In 2023, the Company's R&D investment reached RMB1,584 million, an increase of 5.53% compared with the same period in 2022. The Company's R&D investment accounted for 3.00% of the total operating income, an increase of 0.10 percentage points compared with the same period in 2022. The Company's R&D investment accounted for 3.00% of the total operating income, an increase of 0.10 percentage points compared with the same period in 2022. The Company's R&D investment accounted for 3.00% of the total operating income, an increase of 0.10 percentage points compared with the same period in 2022. The Company's R&D investment accounted for 3.00% of the total operating income, an increase of 0.10 percentage points compared with the same period in 2022.

In 2023, the Company's production capacity utilization rate was 76.4%, an increase of 6.44 percentage points compared with the same period in 2022. In 2023, the Company's production capacity utilization rate was 138.7%, an increase of 20.49 percentage points compared with the same period in 2022. The Company's production capacity utilization rate was 35.6% in the first half of 2023, an increase of 13.69 percentage points compared with the same period in 2022. The Company's production capacity utilization rate was 8.1% in the second half of 2023, an increase of 15.16 percentage points compared with the same period in 2022.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Capital expenditure and significant investments held

In 2023, the Company recorded a significant increase of RMB1,501 billion in capital expenditure compared with the previous year.

Based on the Company's investment strategy, the capital expenditure was primarily used for R&D investment, expansion of production capacity, and acquisition of land and buildings.

In 2024, the Company continued to increase capital expenditure of RMB2,563 billion, which was mainly used for R&D investment, expansion of production capacity, and acquisition of land and buildings. The Company also increased investment in land and buildings, and the amount of investment in land and buildings reached RMB1,501 billion.

## MAJOR ACQUISITIONS AND SALES OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 18 July, 2023, the Company acquired the 51% shareholding of the subsidiary, Uada C.Ltd., from the former shareholder, Uada C.Ltd. The Company paid a total of RMB1,501 billion to acquire the 51% shareholding. The Company also acquired the 51% shareholding of the subsidiary, Hab Eec cP e E f e C a, L ed. On 28 November 2023, the Company completed the acquisition of the 51% shareholding of the subsidiary, Hab Eec cP e E f e C a, L ed. The Company also completed the acquisition of the 51% shareholding of the subsidiary, Hab Eec cP e E f e C a, L ed.

## MAJOR FINANCIAL INDEXES

### Profit

In 2023, the Company's net profit attributable to shareholders of the Company was RMB574.76 billion, an increase of RMB476.12 billion compared with the previous year. The Company's net profit attributable to shareholders of the Company was RMB0.26 billion. The Company's net profit attributable to shareholders of the Company was RMB574.76 billion, an increase of RMB476.12 billion compared with the previous year. The Company's net profit attributable to shareholders of the Company was RMB0.26 billion.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Operating performance

In 2023, the Company recorded a net profit of RMB28,840.86 million, an increase of 17.03% compared with the net profit of RMB15,746.85 million in 2022. The operating profit of the Company increased by 34.06% (RMB8,013.58 million) compared with the operating profit of RMB3,443.63 million in 2022.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Expense for the period

In 2023, the Company incurred expenses of RMB3,481.48 million, an increase of RMB700.50 million (25.19%) from RMB2,780.98 million in 2022. For the period, the amount of expenses recognized in the consolidated financial statements is RMB1,561.03 million, an increase of RMB265.71 million from RMB1,295.32 million in 2022; the amount of expenses recognized in the consolidated financial statements is RMB622.17 million, a decrease of RMB1.74 million from RMB623.91 million in 2022. For the period, the amount of expenses recognized in the consolidated financial statements is RMB299.65 million, an increase of RMB164.54 million from RMB135.11 million in 2022. For the period, the amount of expenses recognized in the consolidated financial statements is RMB998.63 million, an increase of RMB271.98 million from RMB726.65 million in 2022. The Company's operating expenses are as follows:

### Funding source and borrowing

The Company's financing activities are as follows: In 2023, the Company's financing activities resulted in a net inflow of RMB1,477.79 million, an increase of RMB1,147.79 million from RMB330 million in 2022. For the period, the Company's financing activities resulted in a net inflow of RMB622.17 million, a decrease of RMB1.74 million from RMB623.91 million in 2022. For the period, the Company's financing activities resulted in a net inflow of RMB299.65 million, an increase of RMB164.54 million from RMB135.11 million in 2022. For the period, the Company's financing activities resulted in a net inflow of RMB998.63 million, an increase of RMB271.98 million from RMB726.65 million in 2022. The Company's financing activities are as follows:

### Monetary capital and cash flow

As of 31 December 2023, the Company's cash and cash equivalents are RMB18,677.32 million, an increase of RMB1,376.53 million from RMB17,300.79 million in 2022. During the period, the Company's cash and cash equivalents increased by RMB2,284.20 million; the Company's cash and cash equivalents decreased by RMB1,708.54 million; the Company's cash and cash equivalents increased by RMB521.88 million. The Company's cash and cash equivalents are as follows:

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Assets, liabilities and movements

As at 31 December 2023, the total assets of the Company, amounted to RMB71,296.65 million, an increase from RMB68,013.42 million at the end of the year, an increase of 4.82%. The total liabilities of the Company, amounted to RMB60,626.58 million, an increase from RMB58,013.42 million at the end of the year, an increase of 4.50%. The total equity of the Company, amounted to RMB10,670.37 million, an increase from RMB9,999.99 million at the end of the year, an increase of 6.70%.

### Liabilities

As at 31 December 2023, the total liabilities of the Company, amounted to RMB60,626.58 million, an increase from RMB58,013.42 million at the end of the year, an increase of 4.50%. The total liabilities of the Company, amounted to RMB52,869.37 million, an increase from RMB50,000.00 million at the end of the year, an increase of 5.74%. The total equity of the Company, amounted to RMB10,670.37 million, an increase from RMB9,999.99 million at the end of the year, an increase of 6.70%. The total equity of the Company, amounted to RMB10,670.37 million, an increase from RMB9,999.99 million at the end of the year, an increase of 6.70%.

### Other income

As at 31 December 2023, the total other income of the Company, amounted to RMB13,864.70 million, an increase from RMB12,136.75 million at the end of the year, an increase of 14.24%. The total other income of the Company, amounted to RMB13,864.70 million, an increase from RMB12,136.75 million at the end of the year, an increase of 14.24%. The total other income of the Company, amounted to RMB13,864.70 million, an increase from RMB12,136.75 million at the end of the year, an increase of 14.24%.

## GEARING RATIO

As at 31 December 2023, the Company's gearing ratio (total liabilities divided by total assets) is 0.26:1, an increase from 0.41:1 at the end of the year.

## CONTINGENT LIABILITIES AND PLEDGES

As at 31 December 2023, the Company has no contingent liabilities or pledges. The Company has no contingent liabilities or pledges. The Company has no contingent liabilities or pledges.

## EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATE

The Company is exposed to exchange rate fluctuations. As at 31 December 2023, the total exchange rate exposure of the Company, amounted to RMB703.95 million. The total exchange rate exposure of the Company, amounted to RMB703.95 million.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### USE OF FUND-RAISING PROCEEDS

As at 31 December 2023, the total amount of the proceeds raised by the Company, 2017 (the '2017 Proceeds') amounted to RMB96 (the 'Revised Proceeds') for the year ended 31 December 2023, which has been confirmed by the Special Report of the Audit Firm, and the proceeds have been used as at 31 December 2024 according to the plan.

The use of the 2017 Proceeds is as follows:

In ended use of the 2017 Proceeds	In ended amount of the 2017 Proceeds used (RMB100)	Amount of the 2017 Proceeds used (RMB100)	Remaining amount of the 2017 Proceeds (RMB100)	In ended time
Investment in the acquisition of the subsidiary	1.8	1.8	0	
Investment in the acquisition of the subsidiary, the acquisition of the subsidiary	4.86	3.9	0.96	By 31 December 2024
Prepaid expenses for the acquisition of the subsidiary	3	3	0	
Prepaid expenses for the acquisition of the subsidiary	1.47	1.47	0	
Cost of the acquisition of the subsidiary	1.54	1.54	0	
<b>Total</b>	<b>12.67</b>	<b>11.71</b>	<b>0.96</b>	

As at 31 December 2023, RMB697 of the proceeds raised by the Company, 2023 (the '2023 Proceeds') have been used, and the amount of RMB100 has been used for the acquisition of the subsidiary, the acquisition of the subsidiary.

The use of the 2023 Proceeds is as follows:

In ended use of the proceeds in 2023	In ended amount of the proceeds used in 2023 (RMB100)	Amount of the proceeds used in 2023 (RMB100)	Remaining amount of proceeds in 2023 (RMB100)	In ended time
Payment of the acquisition of the subsidiary	1.97	1.97	0	
Working capital	15	5	10	By 31 December 2025
<b>Total</b>	<b>16.97</b>	<b>6.97</b>	<b>10</b>	

The Company has used the proceeds for the acquisition of the subsidiary, the acquisition of the subsidiary.



# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## OUTLOOK

In 2024, Harbin Electric will continue to focus on the development of its core businesses, including the production and sales of electrical equipment, and the development of new products and services. The company will continue to invest in research and development, and expand its market share. The company will also continue to improve its financial performance, and increase its profitability. The company will continue to focus on the development of its core businesses, including the production and sales of electrical equipment, and the development of new products and services. The company will continue to invest in research and development, and expand its market share. The company will also continue to improve its financial performance, and increase its profitability.

The company will continue to focus on the development of its core businesses, including the production and sales of electrical equipment, and the development of new products and services. The company will continue to invest in research and development, and expand its market share. The company will also continue to improve its financial performance, and increase its profitability. The company will continue to focus on the development of its core businesses, including the production and sales of electrical equipment, and the development of new products and services. The company will continue to invest in research and development, and expand its market share. The company will also continue to improve its financial performance, and increase its profitability.







## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

**Mr. Chen Guoqing ( Mr. Chen ),** born in 1964, a Chinese citizen, holds a Bachelor's degree in Electrical Engineering from Harbin Institute of Technology. He has worked for Harbin Electric Company Limited since its establishment in 1998, and has held various positions, including Deputy General Manager, Director of the Board of Directors, and Chairman of the Board of Directors.

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

**M. Zhao Xin ( 趙新 )**, born 1978, a male, single, has a bachelor's degree in Finance from the University of International Business and Economics. He has worked for the State Tobacco Monopoly Administration, China Tobacco Company Limited, and the China Tobacco Industry Finance Corporation. He has held various positions in the Finance Department, including Assistant Director, Director, and Senior Director. He has also held the position of Director of the Finance Department of the China Tobacco Industry Finance Corporation. He has been a member of the Board of Directors of the China Tobacco Industry Finance Corporation since January 2021.

### SENIOR MANAGEMENT

**M. L. Zhi- iang ( 支 iang )**, born 1973, a male, single, has a master's degree in Finance from the University of International Business and Economics. He has worked for the State Tobacco Monopoly Administration, China Tobacco Company Limited, and the China Tobacco Industry Finance Corporation. He has held various positions in the Finance Department, including Assistant Director, Director, and Senior Director. He has also held the position of Director of the Finance Department of the China Tobacco Industry Finance Corporation. He has been a member of the Board of Directors of the China Tobacco Industry Finance Corporation since September 2009. He has also held the position of Director of the Finance Department of the China Tobacco Industry Finance Corporation since July 2011. He has been a member of the Board of Directors of the China Tobacco Industry Finance Corporation since March 2015. He has also held the position of Director of the Finance Department of the China Tobacco Industry Finance Corporation since January 2016. He has also held the position of Director of the Finance Department of the China Tobacco Industry Finance Corporation since December 2017. He has also held the position of Director of the Finance Department of the China Tobacco Industry Finance Corporation since January 2018. He has also held the position of Director of the Finance Department of the China Tobacco Industry Finance Corporation since February 2018. He has also held the position of Director of the Finance Department of the China Tobacco Industry Finance Corporation since March 2024.

**M. Shen Tong ( 申 通 )**, born 1972, a male, single, has a master's degree in Finance from the University of International Business and Economics. He has worked for the State Tobacco Monopoly Administration, China Tobacco Company Limited, and the China Tobacco Industry Finance Corporation. He has held various positions in the Finance Department, including Assistant Director, Director, and Senior Director. He has also held the position of Director of the Finance Department of the China Tobacco Industry Finance Corporation. He has been a member of the Board of Directors of the China Tobacco Industry Finance Corporation since February 2009. He has also held the position of Director of the Finance Department of the China Tobacco Industry Finance Corporation since July 2011. He has also held the position of Director of the Finance Department of the China Tobacco Industry Finance Corporation since March 2015. He has also held the position of Director of the Finance Department of the China Tobacco Industry Finance Corporation since January 2016. He has also held the position of Director of the Finance Department of the China Tobacco Industry Finance Corporation since December 2017. He has also held the position of Director of the Finance Department of the China Tobacco Industry Finance Corporation since January 2018. He has also held the position of Director of the Finance Department of the China Tobacco Industry Finance Corporation since February 2018. He has also held the position of Director of the Finance Department of the China Tobacco Industry Finance Corporation since March 2024.

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

**M. D Xing-kai ( M. D )**, b 1967, 'd a bac ' de ee a d e f e acc f a a fe e, a d c f e , e e ce e de a d e be f e S a d C ee f e Pa, C ee f e C a , e c e f a c c f a a d e S a d C ee e be f e Pa, C ee f e H E . M . D f a d f a e d f e D e a e f M a a e e E ee , N e a l f e f T e c ' , ' a bac ' de ee d f a acc f . S ce e , M . D f a e e d a de f , d e c a d d e c f e c a a e a de a e f e f a c a a d f A a , d e c , de f , e e a a a e a d e e a a a e f A a F a c a C a , L ed , e e a a a e f e c a a e a de a e f A a G f C a , L ed , a d d e c f A a G f ( H K ) H d L ed . I N e be 2020 , e a a e d a a a e e a a a e a d e e a a a e f e c a a e a de a e f A ee G f C a , L ed , a d Feb f a , 2021 , e a a e d a c a a f A ee C a H d C . , L d . He a be e c e f a c c f a a d a e be f e S a d C ee f e Pa, C ee f e H E ce J f , 2022 , a d a e ce e de a d a e be f e S a d C ee f e Pa, C ee f e C a , ce A f f 2022 .

**M. Qi Xiliang ( M. Qi )**, b 1968 , a e e ee a e e a c e e ' a a e ' de ee e ee . He c f e , e ce e de f e C a , c a a a d e a , c ee e c e a , f T f b e C a , . M . Q f a d f a e d f e H a b l f e f T e c ' , a d b a e d a a e ' de ee e ee f e H a b l f e f T e c ' , . M . Q f a d e e d a e de f , c e f e c ' c a a d d e f , d e c f e c ' c a f c b a c ' fac , a a e f c b a c ' fac , a a e , de f , e e a a a e , c a a a d e e a a a e a d d e f , e c e a , f a , c ee f , ' d e e . ' f E e c c M a c ' e , C a , , e e a a a e f P e S a S e c e D f e C a , . S ce Feb f a , 2017 , e a e e d a e e e a a a e a d e c e a , f e Pa , B a c ' f P e S a S e c e D f e C a , . He a a e e d a e c a a a d e a , c ee e e c e a , f T f b e C a , ce A f f 2020 a d e ce e de f e C a , ce J a f a , 2021 .

**M. Wang G i ( M. Wang )**, b 1967 , a e e ee a e e a c e e ' a d c a e ' de ee . He c f e , e ce e de f e C a , c a a a d e a , c ee e c e a , f E e c c M a c ' e , C a , . M . W a a d f a e d f C a c p l f e f O c a d F e M e c a c a d b a e d a d c a e ' de ee e ee f e H a b l f e f T e c ' , . M . W a a d e e d a e de f , c e f e c a d e a d f e c a a e e de a e , a a e f , ' d e e . ' f E e c c M a c ' e , C a , . He a e e d a e d e c a d e e a a a e , c a a a d e e a a a e f E e c c P e E f e C a , , de f , e e a a a e f E e c c M a c ' e , C a , , e a d f e c ' , a d f a , de a e f e C a , . S ce A f f 2018 , e a e e d a c a a a d e a , c ee e c e a , f E e c c M a c ' e , C a , a d e ce e de f e C a , ce J a f a , 2021 .

**M. Y Long ( M. Y )**, b 1965 , ' d a a e ' de ee a d e f e e ee a e e e a c e e , a d c f e , e ce e de f e C a , a d e c a a f e b a d f d e c a d e c e a , f e Pa , C ee f e H a b B e F a c , C . , L d . ( ' H B ) . M . Y f a d f a e d f e D e a e f T e a E ee a T ' a U e , ' a bac ' de ee e a e ee . S ce e , M . Y f a e e d a e de f , d e c , de f , c e f e ee a d d e f , e e a a a e f e de de a e f H B , e c e a , f e Pa , C ee a d e e c f e de f , e e a a a e f e e a e d f e C a , . I J a f a , 2018 , e a a e d a e e c e a , f e Pa , C ee a d e e a a a e f e e a e d f e C a , a d M a c ' 2019 , e a a e d a e ce c a a , e e a a a e a d d e f , e c e a , f e Pa , C ee f e H a b B e C a , L ed . He a e e d a e c a a a f e b a d f d e c a d e c e a , f e Pa , C ee f e H a b B e C a , L ed ce J f , 2022 , a d e ce e de f e C a , ce A f f 2022 .

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

**M. Chen Dong-hi ( Mr. Chen ),** b. July 1971, 'da a a e' de ee a d e f e e e e, c f e , e ce e de f e C a , , e e e a a a e f a e de a e a d e e a a a e f a f e , e e a d f a , c de a e f H E . M . C e a d f a e d f S e , a l f e f T e c n , a e e a c a d e c , a d a e b a e d a a e ' de e e e e e f H a b E e e U e , a e c a a e e . H e f c c e e , e e d a a c a f a , de f , d e c f e c a d e f f c e f e a a de a e f e P a , C e e , de f , d e c a d d e c f e e a f b e b a c ( 汽 發 分 廠 ) f H a b E e c c M a c n e , C . , L d . \* ( 哈 爾 濱 電 機 廠 有 限 責 任 公 司 ) , e a d f e a a de a e f H E a d e C a , , de f , e e a a a e f H a b B e C . , L d . \* ( 哈 爾 濱 鍋 爐 廠 有 限 責 任 公 司 ) , c a a , e e a a a e , a d d e f , e c e a , f e P a , C e e f H a b T f b e C a , L e d \* ( 哈 爾 濱 汽 輪 機 廠 有 限 責 任 公 司 ) , de f , c f e f e c f H E , e e a a a e a d e c e a , f e P a , C e e f e a f b e d , f e C a , , c a a f H a b E e c c G e e a G a T f b e ( Q u a d a ) C . , L d . \* ( 哈 電 通 用 燃 氣 輪 機 秦 皇 島 有 限 公 司 ) , e e a a a e a d e c e a , f e P a , C e e f e e a e d , e e a a a e a d e c e a , f e P a , C e e f e a f b e d , f e C a , , a d c a a f H a b E e c c G e e a G a T f b e ( Q u a d a ) C . , L d . . H e a e e d a e e e a a a e f e a e de a e f H E a d e C a , ce J a f a , 2022. H e a e e d a e e e a a a e f e C a , ce A f f 2023.

## COMPANY SECRETARY

**M. Ai Li-ong ( Mr. Ai ),** b. 1970, a e e c a a e de ee. H e c f e , e c a , e c e a , a d a e e a a a e f e a c a c e de a e f e C a , . M . A a d f a e d f J U e , f T e c n , a e e c n c a e c c a d e b a e d a a e de e e f H a b l f e f T e c n , . M . A a b e e a a f f e H a b E e c c a M a c n e , W . , e e a a a e f e S a e O f f i c e f S e , & W a f S e c t e C . , L d . ( 申 銀 萬 國 證 券 公 司 ) a N a a R a d , H a b , de f , a a e f e e e a d e f de a e a d a a e f e e e a a e e de a e f H E , a a e f e a a d d e e e de a e , d e c f e e c e a a f e B a d , de f , a a e a d a a e f e e c f e a d e a a f f a de a e f H E a d e C a , . H e a b e e e c a , e c e a , f e C a , ce M a 2015 a d a b e e e e e a a a e f e a c a c e de a e f e C a , ce D e c e b e 2019.



# DIRECTORS' REPORT

## PRINCIPAL ACTIVITIES

The Company is a leading manufacturer and supplier of high-voltage electrical equipment, including transformers, circuit breakers, air circuit breakers, and other electrical equipment, and provides related services, such as design, installation, commissioning, maintenance, and repair services; EPC and other services; and provides related services, such as design, installation, commissioning, maintenance, and repair services; EPC and other services; and provides related services, such as design, installation, commissioning, maintenance, and repair services; EPC and other services.

The company's main products are high-voltage circuit breakers, air circuit breakers, and other electrical equipment. In 2023, the company's total revenue was RMB4,662.18 million, a decrease of 16.17% from RMB5,516.75 million in 2022. The company's operating profit was RMB913.13 million, a decrease of 10.21% from RMB1,016.47 million in 2022. The company's net profit was RMB3,485.07 million, a decrease of 16.17% from RMB4,143.30 million in 2022. The company's cash and cash equivalents were RMB882.94 million at the end of the reporting period, a decrease of 16.17% from RMB1,046.24 million at the end of the reporting period.

## BUSINESS REVIEW

During the reporting period, the Company has continued to expand its business scale and improve its management level. The Company's business performance is as follows:

### Principal Risk and Uncertainty

In 2023, the Company has continued to expand its business scale and improve its management level. The Company's business performance is as follows: The Company's revenue is affected by the fluctuation of raw material prices, the fluctuation of exchange rates, and the fluctuation of interest rates. The Company's operating profit is affected by the fluctuation of labor costs, the fluctuation of depreciation, and the fluctuation of other expenses. The Company's net profit is affected by the fluctuation of income taxes, the fluctuation of financial expenses, and the fluctuation of other items.

- The company's revenue is affected by the fluctuation of raw material prices, the fluctuation of exchange rates, and the fluctuation of interest rates. The company's operating profit is affected by the fluctuation of labor costs, the fluctuation of depreciation, and the fluctuation of other expenses. The company's net profit is affected by the fluctuation of income taxes, the fluctuation of financial expenses, and the fluctuation of other items.

## DIRECTORS' REPORT (CONTINUED)

2. Ref a d a : T C a , e a e d e e f e a f f a c f d e , c n c d e a b , f f e c e d b a a c e . T e c f , e f e , e a f a a d f a d e f d e a f c f e a d a c c e e a - e d e e e f e e e , e e a d -c a b e c , c n e e c a e e e C a , f d e a d e e c f e f a d a f a a d a d a c a e e e e a e e e f c n a d e , d e e e a d a e c e . I n e a d , e C a , a c d a e d e e e a d -c a b a f a f d e , a c c e e a e d e c f c f a e e e , e , a e e a d -c a b d e , e a d a c e a a d e f f c e d e a , e n e e e , a e a a , a d f e e a c e d c e c e e e e a d f a a b e d e e e c a a b .
3. M a e c e : T e c e a e e , a d -c a b a f a e ' 1 4 ' F e -Y e a P a d e a e e e f e e e , e f e a f f a c f d e , a d a f f a d f e e e e e f e e e c n c a f a d e a d e a f f e e , e f e a f f a c f e e e . T e a e c e e e b e c e c e a , f e c e . I n e a d , e C a , e f b e e d e c , b e e f a , a d b e e e e , d , e e e e c a a c f f a , a d e f f c e e e e a d e f f c e e b , c f f , b f e a d d e c a , e c n , e e a c n a d d e e e , e d e c e e e e , c e a a e d e e e e f f , a d e e e e c a a b , e e .

### Compliance with Relevant Laws and Regulation

In 2023, the following are the compliance of the Company, in respect of the laws and regulations that apply to the Company. Relevant laws and regulations are listed as follows:

#### Principal Laws and Regulation

Key Scope	Compliance Measures
C, C de f e P e e' R e f b c f C n a T e C a , b f e c a c e d n c f e f c , n b a c e f e e f a e d e C , C d e .	<ol style="list-style-type: none"><li>1. B f e c a c e d b , e a c n b f e d e a e f e C a , e e d b e e e e d b , e C a , e a a d e .</li><li>2. T e e a a d e f e a e e e a e f e c a c f b e c , c a c f b e c , f a , f a , e e f e a , e f a c e e d , a c e , e n d , a b , f b e a c n f c a c a d d f e e f , e a e d e a d c c a c e a f e C a , .</li></ol>

# DIRECTORS' REPORT (CONTINUED)

## Principal Laws and Regulations

Principal Laws and Regulations	Key Scope	Compliance Measures
Security Law of People's Republic of China Regulations of the State Information Security Administration Law of the People's Republic of China on the Protection of Personal Information Law of the People's Republic of China on Cyber Security	Regulate the flow of information, protect personal information, and ensure network security.	The Company has established a security management system, implemented security measures, and conducted regular security audits to ensure compliance with relevant laws and regulations.
Contract Law of the People's Republic of China Contract Dispute Mediation and Arbitration Law of the People's Republic of China Law of the People's Republic of China on Arbitration	Regulate the signing, performance, and dispute resolution of contracts.	The Company has established a contract management system, standardized contract templates, and resolved disputes through arbitration to ensure compliance with relevant laws and regulations.
Trade Secret Law of the People's Republic of China Contract Law of the People's Republic of China Contract Dispute Mediation and Arbitration Law of the People's Republic of China Law of the People's Republic of China on Arbitration	Regulate the protection of trade secrets, the signing, performance, and dispute resolution of contracts.	1. The Company has established a trade secret protection system, implemented protection measures, and resolved disputes through arbitration to ensure compliance with relevant laws and regulations. 2. In accordance with the 'Advertisement Measures for the Protection of Personal Information' issued by the State Information Security Administration, the Company has implemented personal information protection measures to ensure compliance with relevant laws and regulations.
Labour Law of the People's Republic of China Labour Dispute Mediation and Arbitration Law of the People's Republic of China Law of the People's Republic of China on Arbitration	Regulate the employment relationship, the signing, performance, and dispute resolution of labour contracts.	The Company has established a labour management system, implemented labour protection measures, and resolved labour disputes through arbitration to ensure compliance with relevant laws and regulations.

## DIRECTORS' REPORT (CONTINUED)

### Employee, Major Customer, and Supplier

#### 1. Employee

As at 31 December 2023, the Company had 11,283 employees, of which the average number of employees aged 1,773, accounted for 15.71%, 1,005 employees aged above 55, accounted for 8.91%; 1,238 employees aged 51-54, accounted for 10.97%, 3,418 employees aged 41-50, accounted for 30.29%, 2,318 employees aged 36-40, accounted for 20.54%; and 3,304 employees aged below 35, accounted for 29.28%.

In 2023, the Company awarded 1,397 cash awards to its employees, totaling RMB1,300 million.

#### 2. Major Customer

In 2023, the total accounts receivable of the Company from its top five customers amounted to RMB2,765 million, accounted for 8.48% of the total accounts receivable (RMB32,590 million). As at the end of the reporting period, the total accounts receivable of RMB1,274 million, accounted for 3.91% of the total accounts receivable of the Company.

#### 3. Major Supplier

During 2023, the Company's top five suppliers collectively accounted for 15.93% of the total purchases, of which the largest supplier accounted for 3.50% of the total purchases.

None of the Directors, Supervisors, or the chief executive officer, the controller of the Company, (including the immediate family members) held 5% or more of the Company's shares, or held any other significant positions in the Company.

## RESULTS

As at 31 December 2023, the total assets of the Company amounted to RMB28,840.86 million, and the total liabilities amounted to RMB574.76 million. The total assets of the Company, from the beginning to the end of 31 December 2023 are as follows:

## DIVIDEND

Based on the Company's annual general meeting of 2023, the board of directors has proposed to distribute a dividend of RMB0.052 per share (after tax) for the year 2023, representing 20.23% of the Company's earnings per share for 2023, for a total dividend of RMB116,286,352.00.

The dividend of H-share will be paid in HKD to the shareholders of the Company in Hong Kong on 28 March 2024, and the dividend of H-share will be paid in HK\$ to the shareholders of the Company in Hong Kong on 28 March 2024, and the dividend of H-share will be paid in HK\$ to the shareholders of the Company in Hong Kong on 28 March 2024.

The Company's earnings per share for 2023 are as follows: basic earnings per share of RMB1.1021, and diluted earnings per share of RMB1.0573.

None of the directors, supervisors, or the chief executive officer, the controller of the Company, held any shares of the Company as at 31 December 2023.

## DIRECTORS' REPORT (CONTINUED)

### CLOSURE OF REGISTER FOR THE PURPOSE OF DIVIDEND PAYMENT

The dividend for the year ended 31 December 2023 will be paid on 24 July, 2024, and the closure of the register for the purpose of dividend payment will be from 17 July to 21 July 2024 (both days inclusive). The dividend for the year ended 31 December 2023 will be paid on 17 July 2024.

The dividend for the year ended 31 December 2023, will be paid to the shareholders of record as at the close of business on 17 July 2024, at the registered office of the company, 1712, 1716, 1717 Floor, Hee Chee Centre, 183 Queen's Road East, Wanchai, Hong Kong (for the purpose of the HSBC), the company's principal place of business in the PRC at 1399 Century Road, Shekou, Shenzhen, Guangdong, PRC (for the purpose of the DCEC) at 4:30 p.m. on 14 July 2024.

### DIVIDEND TAX

Under the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》), the Implementation Regulations of the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法實施條例》) and the relevant provisions of the Company's Articles of Association, the dividend (before deduction of the dividend withholding tax) of the shareholders of record as at the close of business on 14 July 2024 will be paid to the shareholders of record as at the close of business on 14 July 2024. The dividend will be paid to the shareholders of record as at the close of business on 14 July 2024 in Macau (Macao). The dividend will be paid to the shareholders of record as at the close of business on 14 July 2024 in the PRC at 4:30 p.m. on 14 July 2024.

For the dividend of the shareholders of record as at the close of business on 14 July 2024 in Macau, the PRC tax rate applicable to the dividend is 10%. The dividend will be paid to the shareholders of record as at the close of business on 14 July 2024 in Macau at a rate of 10%. For the dividend of the shareholders of record as at the close of business on 14 July 2024 in the PRC, the PRC tax rate applicable to the dividend is 10%. The dividend will be paid to the shareholders of record as at the close of business on 14 July 2024 in the PRC at a rate of 10%. For the dividend of the shareholders of record as at the close of business on 14 July 2024 in the PRC, the PRC tax rate applicable to the dividend is 20%. The dividend will be paid to the shareholders of record as at the close of business on 14 July 2024 in the PRC at a rate of 20%. For the dividend of the shareholders of record as at the close of business on 14 July 2024 in the PRC, the PRC tax rate applicable to the dividend is 20%. The dividend will be paid to the shareholders of record as at the close of business on 14 July 2024 in the PRC at a rate of 20%. For the dividend of the shareholders of record as at the close of business on 14 July 2024 in the PRC, the PRC tax rate applicable to the dividend is 10%. The dividend will be paid to the shareholders of record as at the close of business on 14 July 2024 in the PRC at a rate of 10%.

According to the relevant provisions of the Company's Articles of Association, the dividend will be paid to the shareholders of record as at the close of business on 14 July 2024 in Macau at a rate of 10%. For the dividend of the shareholders of record as at the close of business on 14 July 2024 in the PRC, the PRC tax rate applicable to the dividend is 10%. The dividend will be paid to the shareholders of record as at the close of business on 14 July 2024 in the PRC at a rate of 10%. For the dividend of the shareholders of record as at the close of business on 14 July 2024 in the PRC, the PRC tax rate applicable to the dividend is 20%. The dividend will be paid to the shareholders of record as at the close of business on 14 July 2024 in the PRC at a rate of 20%. For the dividend of the shareholders of record as at the close of business on 14 July 2024 in the PRC, the PRC tax rate applicable to the dividend is 20%. The dividend will be paid to the shareholders of record as at the close of business on 14 July 2024 in the PRC at a rate of 20%.

## DIRECTORS' REPORT (CONTINUED)

### CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company, confirmed the independence of each of the independent non-executive directors pursuant to Rule 3.13 of the Listing Rules and the Securities and Futures Commission (SFC) Listing Rules, of the independent director of the Company.

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

As at 31 December 2023, the following table sets out the interests of the Company, its directors, supervisors and senior management in the share capital of the Company, its subsidiaries, its associates and its controlled entities (collectively referred to as the "Group") (including the interests of the Company, its directors, supervisors and senior management in the share capital of the Company, its subsidiaries, its associates and its controlled entities) as required by Rule 3.13 of the SFC Listing Rules and Rule 3.13 of the Listing Rules.

## DIRECTORS' REPORT (CONTINUED)

### REMUNERATION OF DIRECTORS AND SUPERVISORS

Refer to the independent non-executive directors' remuneration policy of the Company, the remuneration of the independent non-executive directors is determined by the Board of Directors based on the remuneration policy of the Company and the remuneration of the independent non-executive directors is determined by the Board of Directors based on the remuneration policy of the Company. The remuneration of the independent non-executive directors is determined by the Board of Directors based on the remuneration policy of the Company. The remuneration of the independent non-executive directors is determined by the Board of Directors based on the remuneration policy of the Company. The remuneration of the independent non-executive directors is determined by the Board of Directors based on the remuneration policy of the Company.

The remuneration of the independent non-executive directors for the period from January 1, 2023 to December 31, 2023 is as follows:

Unit: RMB

	Fee	Salary and other benefits	Contribution of remuneration benefits scheme	Total
<b>Executive Directors</b>				
M. Cao Zhonghua	0.00	0.00	0.00	0.00
M. Huang Wei (Appointed March 2023)	0.00	360,288.00	27,171.84	387,459.84
M. Zhang Yuxia	0.00	561,000.00	37,036.80	598,036.80
M. Wang Weidong (Re-elected March 2023)	0.00	303,028.00	12,345.60	315,373.60
<b>Total</b>	<b>0.00</b>	<b>1,224,316.00</b>	<b>76,554.24</b>	<b>1,300,870.24</b>
<b>Independent Non-Executive Directors</b>				
M. He Yufei	0.00	100,000.00	0.00	100,000.00
M. Huang Jiahua	0.00	80,000.00	0.00	80,000.00
M. Tang Zhongnan	0.00	80,000.00	0.00	80,000.00
M. Pan Qian (Appointed April 2023)	0.00	0.00	0.00	0.00
M. Cheng Guohua (Re-elected April 2023)	0.00	0.00	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>260,000.00</b>	<b>0.00</b>	<b>260,000.00</b>
<b>Supervisors</b>				
M. Liu Weidong	0.00	562,450.00	37,036.80	599,486.80
M. Zhang Jun	0.00	967,056.00	33,816.96	1,000,872.96
M. Yang Yufei	0.00	755,770.00	37,036.80	792,806.80
M. Zhang Xiang	0.00	808,412.00	37,036.80	845,448.80
<b>Total</b>	<b>0.00</b>	<b>3,093,688.00</b>	<b>144,927.36</b>	<b>3,238,615.36</b>

## DIRECTORS' REPORT (CONTINUED)

### FIVE HIGHEST PAID PERSONNEL

As at 31 December 2023, the five highest paid individuals of the Company, including the Chairman, and the Chief Executive Officer, were HK\$1 million, HK\$1.5 million, HK\$1.5 million, HK\$2 million.

Unit: RMB

	Fee	Salary and other benefits	Contribution to pension scheme	Total
Total of five highest paid individuals	0.00	5,472,699.00	182,083.20	5,654,782.20

### CONTINGENT LIABILITIES, GUARANTEES

As at 31 December 2023, there are no contingent liabilities, and no contingent liabilities. There are no guarantees.

### PERMITTED INDEMNITY PROVISION

As provided by applicable laws, each director of the Company is entitled to be indemnified by the Company in respect of any costs, charges, expenses, fees and damages incurred or to be incurred by the director in connection with the discharge of his or her duties as a director of the Company. The indemnity becomes effective from the date of the 31 December 2023 and shall remain in effect thereafter.

The Company, its directors and officers are not liable to any person.

### SIGNIFICANT INVESTMENT IN SECURITIES

There are no significant investments in securities as at 31 December 2023, of the Company, and its subsidiaries.

### STAFF REMUNERATION, RETIREMENT AND BENEFITS SCHEME

In 2023, the total remuneration of the Company's staff was RMB1,784.72 million.

In December 2023, the Company has established a pension scheme.

The remuneration of the Company's directors and officers is determined by the Board of Directors of the Company. The remuneration of the Company's directors and officers is determined by the Board of Directors of the Company. The remuneration of the Company's directors and officers is determined by the Board of Directors of the Company. The remuneration of the Company's directors and officers is determined by the Board of Directors of the Company.



## DIRECTORS' REPORT (CONTINUED)

### FIXED ASSETS

As at 31 December 2023, the fixed assets of the Company, amounted to RMB4,995.48.

### PROFITS AVAILABLE FOR DISTRIBUTION

As at 31 December 2023, the amount of the accumulated profits of the Company, amounted to RMB5,255.69. Moreover, the accumulated profits of the Company, distributed to the shareholders, includes the undistributed profits of the company.

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

As at 31 December 2023, the Company has not purchased, sold or redeemed any listed securities.

### PRE-EMPTIVE RIGHTS

The Company has no pre-emptive rights of the Company, in accordance with the PRC laws, regulations and the Company's articles of association.

### MAJOR LITIGATION

On 17 October 2023, the Company received a 'Efficiency Order' issued by the People's Court of Shandong Province, Xuyi County, Heilongjiang Province, regarding the dispute of RMB128.1 million (equivalent to approximately HKD139.24 million). The amount of the efficiency order issued by the People's Court of Shandong Province, Xuyi County, is not subject to the appeal. The Company has appealed the efficiency order of RMB128.1 million to the court. The Company has appealed the efficiency order of RMB128.1 million to the court. The Company has appealed the efficiency order of RMB128.1 million to the court. The Company has appealed the efficiency order of RMB128.1 million to the court.

### TAX POLICIES

According to the 'Administrative Measures for the Recognition and Record of High-tech Enterprises', Enterprise Income Tax Law (《高新技術企業認定管理辦法》), issued by the Ministry of Science and Technology, the Ministry of Finance and the State Administration of Taxation of the PRC in 2008 and the Administrative Measures for the Recognition and Record of High-tech Enterprises, Enterprise Income Tax Law (《高新技術企業認定管理工作指引》), issued by the Ministry of Science and Technology, the Ministry of Finance and the State Administration of Taxation in 2008, the Company is a high-tech enterprise. The Company is a high-tech enterprise. The Company is a high-tech enterprise. The Company is a high-tech enterprise.

## DIRECTORS' REPORT (CONTINUED)

Under the Order of the State Council on the Reform of the Corporate Income Tax System, the Corporate Income Tax Law (《中華人民共和國企業所得稅法》) was revised in 2016. The Company has implemented the new law since its effective date.

In accordance with the State Administration of Taxation's announcement, the Company has implemented the new law since its effective date.

Pursuant to the State Administration of Taxation's announcement, the Company has implemented the new law since its effective date.

## CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

The Company has implemented the measures for connected transactions in accordance with the Measures for the Administration of Connected Transactions (《關連交易管理辦法》) since its effective date.

The Company has implemented the measures for continuing connected transactions in accordance with the Measures for the Administration of Continuing Connected Transactions (《關連交易管理辦法》) since its effective date.

The Company has implemented the measures for continuing connected transactions in accordance with the Measures for the Administration of Continuing Connected Transactions (《關連交易管理辦法》) since its effective date.

## DIRECTORS' REPORT (CONTINUED)

As of 31 December 2023, the Company, carried out the following transactions and incurred expenses (the transactions are detailed in Schedule 14A.33 of the Report):

### Connected Transactions

1. *Acquisition of the Equity of the Company, and Jiangxi Electric Macroeconomics Co., Ltd.*

On 18 July, 2023, the Company, entered into an agreement with Jiangxi Electric Macroeconomics Co., Ltd., a subsidiary of the Company, to acquire the shares of Jiangxi Electric Macroeconomics Co., Ltd. (the "Target") from Jiangxi Electric Macroeconomics Co., Ltd. (the "Seller") for a total consideration of RMB400,697,400 (the "Consideration"). On 28 November 2023, the Company, entered into an agreement with the Seller to acquire the shares of the Target for a total consideration of RMB400,697,400. The acquisition of the Target is a related party transaction of the Company. The acquisition of the Target is a related party transaction of the Company. The acquisition of the Target is a related party transaction of the Company.

2. *Reacquisition of the Equity of the Company, and Hebei Electric Macroeconomics Co., Ltd. and Hebei Electric Science & Technology Co., Ltd.*

On 22 September 2023, Hebei Electric Macroeconomics Co., Ltd. entered into an agreement with Hebei Electric Macroeconomics Co., Ltd., a subsidiary of the Company, to acquire the shares of Hebei Electric Macroeconomics Co., Ltd. (the "Target") from Hebei Electric Macroeconomics Co., Ltd. (the "Seller") for a total consideration of RMB15.7395 million. On the same day, Hebei Electric Macroeconomics Co., Ltd. entered into an agreement with Hebei Electric Macroeconomics Co., Ltd. to acquire the shares of Hebei Electric Macroeconomics Co., Ltd. (the "Target") from Hebei Electric Macroeconomics Co., Ltd. (the "Seller") for a total consideration of RMB15.7395 million.

## DIRECTORS' REPORT (CONTINUED)

### Continuing Connected Transaction

#### 1. *Provision of Service Fee - A fee to be paid to CMA, and HE*

On 20 December 2022, CMA entered into a provision of service fee agreement with HE, and CMA, and the board of HE and the board of the provision of service fee agreement effective from 1 January, 2023 to 31 December 2025.

During the year, from 1 January, 2023 to 31 December 2023, the aggregate cash paid to CMA, and the board of HE and the board of a RMB4 million, the aggregate cash paid to RMB0 million; the aggregate cash paid to CMA RMB100 million, the aggregate cash paid to RMB14,466 million; the aggregate cash received from HE and the board of a RMB230 million, the aggregate cash paid to RMB75,978 million; the aggregate cash received from CMA RMB230 million, the aggregate cash paid to RMB21,306 million. The aggregate cash received exceeds the cash.

#### 2. *Facility Service Fee - A fee to be paid to CMA, and HE*

On 20 December 2022, CMA entered into a facility service fee agreement with HE, and the HE Finance Committee, Ltd (the Finance Committee), and the board of CMA, and the board of the facility service fee agreement, effective from 1 January, 2023 to 31 December 2025.

During the year, from 1 January, 2023 to 31 December 2023, the aggregate cash paid to CMA, and the board of HE and the board of a RMB230 million, the aggregate cash paid to RMB225 million; the aggregate cash received from the HE Finance Committee, Ltd (the Finance Committee), HE and the board of a RMB4 million, the aggregate cash paid to RMB0 million. The aggregate cash received exceeds the cash.

#### 3. *Provision of Service Fee - A fee to be paid to CMA, and Hab P E E e Na a E ee Re eac 'Ce e C., Ld. (the Re eac 'Ce e)*

On 22 September 2023, CMA entered into a provision of service fee agreement with the Re eac 'Ce e, and the board of CMA, and the board of the provision of service fee agreement, effective from 22 September 2023 to 31 December 2025.

During the year, from 22 September to 31 December 2023, the cash received from CMA, and the board of E e e Re eac 'Ce e a total of RMB150,000,000, the aggregate cash paid to RMB0 million; the cash received from CMA, and the board of E e e Re eac 'Ce e a total of RMB150,000,000, the aggregate cash paid to RMB21,964,200. The aggregate cash received exceeds the cash.

## DIRECTORS' REPORT (CONTINUED)

### Confirmation on Continuing Connected Transaction

The Independent Non-Executive Directors of the Company, after reviewed the connected transaction (as defined in the Listing Rules) as follows:

- The connected transaction is deemed to be in the best interests of the Company and its shareholders;
- The connected transaction is not a connected transaction as defined in the Listing Rules;
- The connected transaction is deemed to be in the best interests of the Company and its shareholders.

The independent non-executive directors of the Company, after reviewed the connected transaction as defined in the Listing Rules, are of the opinion that the connected transaction is not a connected transaction as defined in the Listing Rules and is in the best interests of the Company and its shareholders.

Accordingly, the independent non-executive directors of the Company, are satisfied.

## DETAILS OF SHARE CAPITAL

### Shareholding Structure

As at 31 December 2023, the total number of shares of the Company, constituted 2,236,276,000 shares, of which 1,560,705,000 Domestic Shares (including the shares held by the H-share holders) and 675,571,000 H-share shares held by the H-share holders (including the shares held by the H-share holders).

### Equity Interest of Substantial Shareholders

As at 31 December 2023 and the date of the financial statements, the shareholding structure of the Company, including the percentage of the shares held by the substantial shareholders, is as follows:

As at 31 December 2023, the shareholding structure of the Company is as follows:

Date	Name of shareholder	Class of shares	Number of shares	Capacity	Percentage of the share capital	Percentage of the share capital
As at 31 December 2023	Hab Eec c C a	Sae- ede a e	1,560,705,000	Beneficial Owner	100%	69.79%

## DIRECTORS' REPORT (CONTINUED)

Shareholders, the following table sets out the names of the 336 shareholders of the Company, and the number of shares held by each shareholder, as at 31 December 2023.

### Holding Range of Shareholders

The Company's office is located at A A 31 December 2023, the following table sets out the names of the shareholders, the number of shares held by each shareholder, and the percentage of shares held:

No.	Name of Shareholder	Number of Shares	Percentage of Shares Held	Remarks
1	HARBIN ELECTRIC CORPORATION	1,560,705,000	69.79%	Share held by a subsidiary of the Company
2	HKSCC NOMINEES LIMITED	655,647,805	29.32%	Share
3	TANG S INVESTMENTS LIMITED	17,000,000	0.76%	Share
4	LI CHI SING	376,000	0.02%	Share
5	YIP CHOK CHIU	360,000	0.02%	Share
6	CHEUNG YUM TIN	200,000	0.01%	Share
7	HO YUN HUNG	200,000	0.01%	Share
8	LEE LAI HAR	140,000	0.01%	Share
9	NG KAM WAN	110,000	0.00%	Share
10	CHEN CHUNG HSUAN	100,000	0.00%	Share

## DIRECTORS' REPORT (CONTINUED)

### Analysis of Shareholding of Holders of H Shares

Based on the information available as at 31 December 2023, the details of the holders of H Shares are as follows:

Range	Number of Shareholders	Number of Shares Held	Percentage of Issued H Shares
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## DIRECTORS' REPORT (CONTINUED)

### Dividend Payout

The Board has declared a dividend of HKD3.60 per share.

### The Dividend of Each Share Class

The dividend for each class of shares is as follows: RMB1.697 for ordinary shares, and RMB3.20 for preferred shares.

### Description of Subsidiaries

The subsidiaries of the Company are listed in the following table, and the directors are responsible for the preparation of the financial statements of the subsidiaries. The directors are also responsible for the preparation of the consolidated financial statements of the Company.

### Major Dividend on the Date of Issue

On 13 October 2023, the Board has declared a dividend of HKD2.39 per share, which is subject to the approval of the shareholders.

### Use of Proceeds

The Board has approved the use of proceeds from the placement of shares to fund the company's operations and capital expenditure. The Board has also approved the use of proceeds from the placement of shares to fund the company's operations and capital expenditure.

## MODEL CODE

The Company is committed to the highest standards of corporate governance and to the highest standards of financial reporting. The Board has adopted the Model Code for Directors' Securities Transactions as a guide to the conduct of the directors.



## DIRECTORS' REPORT (CONTINUED)

### ENVIRONMENT, SOCIETY AND GOVERNANCE

In 2023, the Company fully complied with the C2E Green, Social, and Governance Reporting Guidelines, continued to enhance the quality of environmental, social, and governance information disclosure, and actively responded to the needs of various stakeholders. The Company has established a comprehensive ESG management system, covering the entire value chain, and has implemented a series of measures to improve environmental, social, and governance performance. The Company has also actively participated in various social activities, contributing to the construction of a harmonious society. The Company's ESG performance has been widely recognized by the market, and it has been ranked in the top tier of the industry ESG performance evaluation.

The Company has established a comprehensive ESG management system, covering the entire value chain, and has implemented a series of measures to improve environmental, social, and governance performance. The Company has also actively participated in various social activities, contributing to the construction of a harmonious society. The Company's ESG performance has been widely recognized by the market, and it has been ranked in the top tier of the industry ESG performance evaluation.

Dear Shareholders, the Company's 2023 ESG Report is available on the website of the Company's Green, Social, and Governance Reporting.

### AUDIT COMMITTEE

The Audit Committee has completed its work for the year, and has issued a report on the audit results. The Audit Committee has also issued a report on the audit results of the 2023 financial statements, and has issued a report on the audit results of the 2023 financial statements.

### AUDITOR

The financial statements of the Company for the year ended 31 December 2023 have been audited by Da Hua Ce Fed Pib c Acc fa LLP ('Da Hua Ce Fed Pib c Acc fa'), and the audit fee is RMB2.20 million. The financial statements of the Company for the year ended 31 December 2023 have been audited by Da Hua Ce Fed Pib c Acc fa.

Da Hua Ce Fed Pib c Acc fa has issued a report on the audit results of the 2023 financial statements, and has issued a report on the audit results of the 2023 financial statements. The audit results of the 2023 financial statements are as follows: '2024 financial statements are true and accurate. The audit results of the 2023 financial statements are as follows: '2024 financial statements are true and accurate. The audit results of the 2023 financial statements are as follows: '2024 financial statements are true and accurate.

# REPORT OF THE BOARD OF SUPERVISORS

T a ðe ñde :

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F a e a ed f ðC a, 2023, ðB ad fSt e a e ð f de e de :

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## REPORT OF THE BOARD OF SUPERVISORS (CONTINUED)

3. The Board of Supervisors, in accordance with the provisions of the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Securities Contract Administration Measures of the People's Republic of China, the Securities and Futures Law of the People's Republic of China, the Measures for the Administration of Securities and Futures Intermediary Institutions of the People's Republic of China, the Measures for the Administration of Securities and Futures Information Disclosure of the People's Republic of China, and other relevant laws, regulations, and administrative measures, and in accordance with the provisions of the Company's Articles of Association and the Rules of the Board of Supervisors, has supervised the Company's operations in accordance with the law.
4. The Board of Supervisors, in accordance with the provisions of the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Securities Contract Administration Measures of the People's Republic of China, the Securities and Futures Law of the People's Republic of China, the Measures for the Administration of Securities and Futures Intermediary Institutions of the People's Republic of China, the Measures for the Administration of Securities and Futures Information Disclosure of the People's Republic of China, and other relevant laws, regulations, and administrative measures, and in accordance with the provisions of the Company's Articles of Association and the Rules of the Board of Supervisors, has supervised the Company's operations in accordance with the law.
5. The Board of Supervisors, in accordance with the provisions of the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Securities Contract Administration Measures of the People's Republic of China, the Securities and Futures Law of the People's Republic of China, the Measures for the Administration of Securities and Futures Intermediary Institutions of the People's Republic of China, the Measures for the Administration of Securities and Futures Information Disclosure of the People's Republic of China, and other relevant laws, regulations, and administrative measures, and in accordance with the provisions of the Company's Articles of Association and the Rules of the Board of Supervisors, has supervised the Company's operations in accordance with the law.

In 2024, the Board of Supervisors has effectively supervised the Company's operations in accordance with the law, and has not found any major violations of the Company's Articles of Association, the Rules of the Board of Supervisors, the Securities Law of the People's Republic of China, the Securities Contract Administration Measures of the People's Republic of China, the Securities and Futures Law of the People's Republic of China, the Measures for the Administration of Securities and Futures Intermediary Institutions of the People's Republic of China, the Measures for the Administration of Securities and Futures Information Disclosure of the People's Republic of China, and other relevant laws, regulations, and administrative measures.

The Board of Supervisors hereby certifies that the Company's operations in 2024 have been conducted in accordance with the law.

**Harbin Electric Company Limited**  
 The Board of Supervisors  
 28 March 2024

# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE PRACTICES

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## CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

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## BOARD OF DIRECTORS

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# CORPORATE GOVERNANCE REPORT (CONTINUED)

## Composition of Board of Directors

At the end of 2023, the composition of the Board of Directors is as follows: 4 independent non-executive directors. The composition of the Board of Directors is as follows:

Executive Directors: Mr. Cao Zhong (Chairman), Mr. Wu Weidong, Mr. Zhang Yuhua

Independent non-executive directors: Mr. He Yufei, Mr. Hu Jiajun, Mr. Cheng Guohua, Mr. Tang Zhen

On 8 May 2023, Mr. Wu Weidong resigned as Executive Director of the Company, and the resignation took effect from 25 May 2023. On 25 May 2023, the Board of Directors appointed Mr. Hu Jiajun as Executive Director of the Company; On 25 April 2023, Mr. Cheng Guohua resigned as Independent non-executive Director of the Company, and the resignation took effect from 25 April 2023. On 25 April 2023, the Board of Directors appointed Mr. Pa Qun as Independent non-executive Director of the Company, and the resignation took effect from 25 April 2023. The composition of the Board of Directors is as follows:

Executive Directors: Mr. Cao Zhong (Chairman), Mr. Hu Jiajun, Mr. Zhang Yuhua

Independent non-executive directors: Mr. He Yufei, Mr. Hu Jiajun, Mr. Tang Zhen, Mr. Pa Qun

The Board of Directors has established the Board of Directors' Audit Committee, Strategy and Investment Committee, and other committees.

The Board of Directors has established the Board of Directors' Audit Committee, Strategy and Investment Committee, and other committees.

## Independent non-executive directors

In 2023, the independent non-executive directors of the Company are: Mr. He Yufei, Mr. Hu Jiajun, Mr. Cheng Guohua (resigned on 25 April 2023), Mr. Tang Zhen, Mr. Pa Qun (appointed on 25 April 2023).

The independent non-executive directors of the Board of Directors have the following characteristics: They are independent, have no relationship with the Company, and have no relationship with the Company's major shareholders, directors, supervisors, and other related parties. They are also not employees of the Company. They have sufficient time and energy to devote to the Company's affairs. They have the necessary professional background and experience to perform their duties. They are also not related to the Company's major shareholders, directors, supervisors, and other related parties.

The Company has established the Board of Directors' Audit Committee, Strategy and Investment Committee, and other committees.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

### Meeting of the Board of Directors

During 2023, the Board held 9 regular and 4 special meetings to discuss and decide on various matters relating to the Company, including financial performance, business strategy, and other matters. The Board also held 4 special meetings to discuss and decide on matters relating to the Company, including financial performance, business strategy, and other matters. The Board also held 4 special meetings to discuss and decide on matters relating to the Company, including financial performance, business strategy, and other matters.

#### Attendance of Directors at Meeting of the Board of Directors in 2023

Name of Director	Attendance Resigned	Attendance in Person	Attendance by Alternative Director
M. Ca Zha	9	7	2
M. Hfa We-	6	6	0
M. Zha Y -a	9	7	2
M. He Yf	9	9	0
M. Hf Ja -	9	8	1
M. Ta Zha	9	9	0
M. Pa Q-	3	3	0
M. Wf We-	3	3	0
M. C H Gf -	6	6	0

The above information is for the directors who attended the meetings of the Board of Directors in person or by alternative director. The Board of Directors held 9 regular meetings and 4 special meetings during the year. The Board of Directors held 9 regular meetings and 4 special meetings during the year. The Board of Directors held 9 regular meetings and 4 special meetings during the year.

### Shareholders' General Meeting

On 12 April 2023, the Company held an annual general meeting of shareholders at the headquarters of the Company, at the headquarters of the Company, at the headquarters of the Company. On 25 May 2023, the Company held a special general meeting of shareholders at the headquarters of the Company, at the headquarters of the Company, at the headquarters of the Company. On 31 October 2023, the Company held a special general meeting of shareholders at the headquarters of the Company, at the headquarters of the Company, at the headquarters of the Company.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

### Attendance of Directors at general meeting in 2023

Name of Director	Attendance Record	Attendance in Person
M. Cao Zhonghua	3	3
M. Huai Weijun	1	1
M. Zhang Yuxia	3	1
M. He Yufei	3	3
M. Huai Jiajun	3	2
M. Tang Zhenning	3	3
M. Pan Qun	1	0
M. Wang Weidong	1	0
M. Cheng Gejun	2	2

Da Hua Ce Fed Pubc Acc f a ( eca eea a e n), e ad f eC a, e e e e a e a c f ee a ed e ab e- e eda fa eea ee , ad Be HAIWEN & PARTNERS, e PRC e a ad f eC a, e e e e a e e e ab e- e eda fa eea ee .

### Term of Director

T e Dec f eC a, a e a ed a e f ee, ea .

### Director and Performance of the Board and the Management

T e B ad f Dec e e e e f e c ad e f de a f n a b e e e a a a de fa ad e e a ee , c f d c e e e a ee , e e e e a ee , e e e e f e e e a ee , de e eC a, b e a ad e e a , e a eC a, a fa fa ca b f d e, f a acc f , f d b f a, ad e a e a de a f a e e. l 2023, e B ad f eC a, ad e dec d ce e, afe e d c f , a de c f a eda d ec c e d f e b d f f e e n d, f c n d b ad ee a d c f ca . T eC a, e c f a e e d ec n d f f e e e e e c ce a d d c f e e a e f f f ce de e e, Dec e d e d f f f ce e a d e f f e e e e d e e e f eC a, e f e c e c e f eC a, d e e e e a e, a d d ec , a afe f ad e e e f e n de .

T e a a e e f eC a, a f n ed b, e B ad b e e b e f e a a e e f eC a, e a a d d a - d a f f a , a d e e e B ad. l 2023, e a a e e f eC a, e e b e e f , a d c ce f , b c, e e e e f a ed b e B ad a d ac e, a f e d f c ad e a f eC a, ac e e e e, c a e e a e e a a b e a e a e e f a f e e f a d d e e e f eC a, .

## CORPORATE GOVERNANCE REPORT (CONTINUED)

### Training of the Directors

During 2023, the Company, according to the plan, organized a series of training courses, and the directors, both before and after the annual general meeting of the Company, received the necessary training, and the directors received the necessary training, and the directors received the necessary training.

During 2023, the directors of the Company, according to the plan, organized a series of training courses, and the directors, both before and after the annual general meeting of the Company, received the necessary training, and the directors received the necessary training, and the directors received the necessary training.

### CHAIRMAN AND PRESIDENT

The Chairman of the Company is Mr. Cao Zhen.

On 8 May 2023, Mr. Wang Weidong was elected as the President of the Company, and the election was effective from 25 May 2023. Mr. Han Weidong was elected as the President of the Company.

The Chairman of the Company and the President of the Company are both independent non-executive directors. The Chairman of the Company and the President of the Company are both independent non-executive directors. The Chairman of the Company and the President of the Company are both independent non-executive directors.

The election process is fair, and the election results are in line with the Company's articles of association.

### SPECIAL COMMITTEES UNDER THE BOARD

The Board has established the Nomination Committee, the Remuneration Committee, the Audit Committee (including the Internal Audit Department), the Strategy, Development and Investment Committee, and the Environmental, Social and Governance Committee of the Company.



## CORPORATE GOVERNANCE REPORT (CONTINUED)

During 2023, the Board of Directors of Harbin Electric Company Limited (the "Board") held 23 regular meetings, 3 special meetings, 9 directors' meetings, and 6 shareholders' meetings. Each Director attended the meetings of the Board/Shareholders' Meeting, and the Board/Shareholders' Meeting. The attendance rate of each Director is as follows:

### Attendance of Directors at meetings of special committees under the Board in 2023

Name of Director	Nomination Committee			Remuneration Committee			Audit Committee			Sustainable Development Committee		
	Attendance Rate	Attendance in Person	Attendance Rate	Attendance Rate	Attendance in Person	Attendance Rate	Attendance Rate	Attendance in Person	Attendance Rate	Attendance in Person	Attendance Rate	
	M. Cao Zhonghua	2	2	100%								
M. Han Weimin									3	3	100%	
M. Zhang Yuhua	2	2	100%									
M. He Yufei	2	2	100%	3	3	100%	9	9	100%	6	6	100%
M. Han Jiahua	2	2	100%	3	3	100%	9	9	100%	6	6	100%
M. Tang Zhenning	2	2	100%	3	3	100%	9	9	100%	6	6	100%
M. Pan Qun	0	0		1	1	100%	3	3	100%	1	1	100%
M. Wang Weidong										2	2	100%
M. Chen Guang	2	2	100%	2	2	100%	6	6	100%	5	5	100%

### Nomination Committee

The Board of Directors of Harbin Electric Company Limited (the "Board") has established the Nomination Committee (the "Committee") to assist the Board in the selection and appointment of Directors and Supervisors. The Committee is composed of five members, including three independent non-executive Directors and two executive Directors. The Chairman of the Committee is an independent non-executive Director.

During 2023, the Committee held 25 meetings. The members of the Committee are M. Cao Zhonghua, M. Zhang Yuhua, M. He Yufei, M. Han Jiahua, and M. Chen Guang; and the members of the Board of Directors are M. Cao Zhonghua, M. Zhang Yuhua, M. He Yufei, M. Han Jiahua, M. Tang Zhenning, and M. Pan Qun; and the members of the Board of Supervisors are M. Cao Zhonghua, M. Zhang Yuhua, M. He Yufei, M. Han Jiahua, M. Tang Zhenning, and M. Pan Qun; and the members of the Board of Directors are M. Cao Zhonghua, M. Zhang Yuhua, M. He Yufei, M. Han Jiahua, M. Tang Zhenning, and M. Pan Qun.

The Board of Directors of Harbin Electric Company Limited (the "Board") has established the Audit Committee (the "Committee") to assist the Board in the selection and appointment of Directors and Supervisors. The Committee is composed of five members, including three independent non-executive Directors and two executive Directors. The Chairman of the Committee is an independent non-executive Director.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

In 2023, the Nomination Committee continued to meet and discuss the effectiveness of its work:

**No. Summary of Work**

---

1. Nomination Committee Decision on the Proposed Director, Mr. ...
  2. Nomination Committee Decision on the Proposed Director, Mr. ...
- 

### Remuneration Committee

The members of the Remuneration Committee are: Mr. ... , Mr. ... , Mr. ... and Mr. ... .

On 25 April 2023, the members of the Remuneration Committee met with Mr. He Yifeng, Mr. Hu Jia, Mr. Cheng Ge and Mr. Tang Zhen, as the independent non-executive Director, Mr. He Yifeng, as the independent non-executive Director, Mr. Cheng Ge as the independent non-executive Director and Mr. Tang Zhen as the independent non-executive Director. The Remuneration Committee met on 25 April 2023. As of 31 December 2023, the members of the Remuneration Committee consisted of Mr. He Yifeng, Mr. Hu Jia, Mr. Tang Zhen and Mr. Tang Zhen; and the independent non-executive Director, Mr. He Yifeng as the independent non-executive Director.

In 2023, the Remuneration Committee continued to meet and discuss the effectiveness of its work:

**No. Summary of Work**

---

1. Committee Decision on the Proposed Director, Mr. ...
  2. Committee Decision on the Proposed Director, Mr. ...
  3. Committee Decision on the Proposed Director, Mr. ...
-

## CORPORATE GOVERNANCE REPORT (CONTINUED)

### A di Commi ee

T e a e b e f e A d C e e a e: e C a, ' c a c e a c c e a d a d d e f c e c a e, e e a d e e e e e a c a d a a e e f e C a, a d e a d a f a e f e C a, a d d c e a, e e n e a d .

P 25 A e 2023, e e b e f e A d C e e e e M. Ta Z n , M. He Y e, M. H e J a , a d M. C e G e - , a f n a e d e e d e e e c e e D e c , a d M. Ta Z n , a d e e d e e e c e e d e c , b e e c a a f e C e e. M. C e G e - e e d a a e b e f e A d C e e a d M. Pa Q- a a e d a a e b e f e A d C e e 25 A e 2023. A f 31 D e c e b e 2023, e e b e f e A d C e e c e d e d M. Ta Z n , M. He Y e, M. H e J a , a d M. Pa Q- ; a d a e e b e f e A d C e e e e d e e d e e e c e e d e c , e d e e d e e e c e e d e c , M. Ta Z n b e e c a a f e C e e.

I 2023, e A d C e e c e d a a f 9 e e a d a c c e d e f e a :

No.	S m m a , o f W o k
-----	---------------------

1	C d e e b e d e f e C a, f 2023
2	C d e e A f a R e f e C a, f 2022
3	C d e e C a, ' f d b e a f 2022
4	C d e e e e a f a e 2023 a c c e f b, e C a,
5	C d e e C a, ' e f a e e e f 2022 e a c a d a a e e
6	C d e e e a, f e C a, ' a d e f 2022 a d e a d e a f 2023
7	C d e e C a, ' l e R e f R e f 2023
8	C d e e C a, a d e b d a e ' a a e
9	C d e e a e e e a C e c e d T a a c
10	C d e e e a c e c a d c a c e e c e f e C a,

T e A d C e e e e e d e f a c a a e e c e d e d e 2023 A f a R e , c f e d e e f a c a a e e e e e a e d a c c d a c e e C n a A c c e S a d a d a d f a , e e e d e f a c a a d e e f e C a, f e, e a e d e d 31 D e c e b e 2023.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

### S a e g De elopmen Commi ee

T e a e b e f e S a e, De e e C ee a e: c d f c e e a c n e C a, a e c de e e a, e a c e, f c a e e a d f a c a d e e e a a f e B a d, c a a e a a d a e e a, a d a d e a d a e e c e d a e a b e a e.

P 8 M a 2023, e e b e f e S a e, De e e C ee e e M. W e We- a, M. H e Y e, M. H e J a, M. C e G e - a d M. T a Z n a d M. W e We- a, a e e c e e d e c, b e e c a a f e C ee. M. W e We- a e e d a a e b e f e S a e, De e e C ee 8 M a 2023 a d M. H e a W e a a e d a a e b e f e S a e, De e e C ee 25 M a 2023. M. C e G e - e e d a a e b e f e S a e, De e e C ee a d M. P a Q- a a e d a a e b e f e S a e, De e e C ee 25 A e e 2023. A f 31 D e c e b e 2023, e e b e f e S a e, De e e C ee c f d e d M. H e a W e, M. H e Y e, M. H e J a, M. T a Z n a d M. P a Q-, a d M. H e a W e, a e e c e e d e c, b e e c a a f e C ee.

I 2023, e S a e, De e e C ee e d a a f 6 ee a d a c c e d e f e a:

No.	S m m a, of W o k
-----	-------------------

- |   |  |
|---|--|
| 1 | C d e e C a, a e c d e e e a                         |
| 2 | C d e e C a, a d e b d a e' e e a e                  |
| 3 | C d e e 2022 C e a e G e a c e R e f e C a,          |
| 4 | C d e e d a f e e e b d a e                          |
| 5 | C d e e a e e f e a a a e e c e f e C a, e a d e a e |

T e S a e, De e e C ee a e e e d n e a d c f e d a: e C a, e d a a c a e e a c e f n a d a d a d b e e e d a f a, e a c e a e e e e c c e a d f a a b e d e e f e C a, b e e. I 2023, e C a, f e, c e d n e e e C e a e G e a c e C d e c a e d A e d C 1 f e L R e f e S c E c a e f H K a d, e a a e, a d e d e e c e e d e b e a c c e a e c f e d e e.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

### AUDITORS AND THEIR REMUNERATION

In 2023, the audit firm engaged by Da He Fa Ce Fed Pib c Acc fa (hereinafter referred to as "the Company"), is RMB2.2 million. Since the establishment of Da He Fa Ce Fed Pib c Acc fa, the audit fee has been RMB20,000. According to the audit fee schedule, the audit fee for the year 2023 is RMB140,000. According to the audit fee schedule, the audit fee for the year 2024 is RMB118,000.

Da He Fa Ce Fed Pib c Acc fa (hereinafter referred to as "the Company"), is the only audit firm engaged by the Company in 2023. According to the audit fee schedule, the audit fee for the year 2023 is RMB140,000. According to the audit fee schedule, the audit fee for the year 2024 is RMB118,000.

The audit firm engaged by the Company in 2024 is RMB118,000.

### COMPANY SECRETARY

In 2023, M. A. L. is the company secretary. M. A. L. is the company secretary since the establishment of the Company. M. A. L. is the company secretary since the establishment of the Company.

### SHAREHOLDERS RIGHTS

According to the Articles of Association, the shareholders have the right to request the Company to convene a shareholders' meeting. The shareholders have the right to request the Company to convene a shareholders' meeting.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

W e a e n d e e f e c p e e a e e e e a e e c a e e f a e n d e , e f c e d f e a b e f e d :

(1) T e a e n d e n n d e a 10% ( c f d 10%) f e a e a n a e e b e e d a e e e e e f e e a e f a , a d f b e B a d f D e c c p e e e e e a e e c a e e f a e n d e a d c a f e f e f e e . T e B a d f D e c a c p e e a e e e e a e e a c a e e e a f e e c e , e a b p e e e f e .

(2) I f e B a d f a f e a c e f c p e e e e n 30 d a a f e e c e , e a b p e e e f e , e a e n d e n f f a d e e f e a c p e e e e e b e e e n 4 n a f e e B a d e c e e e e f e .

T e C a , a f e f a d e e f e a e n d e , e a a a e n d e e f a , a d - a e a c p e a c a f a e n d e c p a e p e a c e . A e a e n d e f e C a , a e n d e e , e n d e d b a a d e f a a d f d e a e c e f a e b a . S a e n d e e , n f a a d n d e c a e e c f e C a , a a e . S a e n d e a f f a d e e f e a , e e a a e e B a d . T e B a d a d e f f c e f a e a b e e e f e b e e , d e c e d .

S a e n d e c a c a c e C a , a a f c a e , f c n a e e n e , f a a d e - a . T e e c e d a f a e n d e c a b e n f e d b a c e B a d f e C a , T e c e f e f e f e e a e e a e a a b e f e c d f e b e e n e f e C a , f e e f c a e . S a e n d e f e C a , c a e f e a c , f e f e , a d e C a , e d f e c , n 7 d a a f e c e c f e a a b e c a e .

T e c a e n d e f e C a , H a b E e c c C a , a a e - e d c a , e e e d e P e e ' R e f b c f C n a .

## INFORMATION DISCLOSURE AND MANAGEMENT OF INVESTOR RELATIONS

T e C a , c f f , e a c e f a a d c f e a a e e a d e e p e e a a a e e . T e C a , d c e f a a e , f a , f e , a c c f a e , c e e a d e , f d a d c , f e e a e d d c f e e f e e f e e a a a d e f a , e L R e a d e A c e f A c a f e C a , I f e f f e e a c e a a e e f p e e a , e C a , f e l e R e a d A f a R e a d d c e a e f c n a c a e f d e c a d e a a e e , c e c e d a a c , d c a b e a a c a d e a f a a a e , a e e a c e a a e c f e C a , .

I 2023, e C a , n f n e e a d e e c f e e c e c f c a e d , n a p e f d a e p e f a e C a , a e d e p e e a d e c , a d f e e e e a n n e p e .

T e f f c e f e B a d f e C a , e b e f e f a a d c f e a d p e e a a a e e . T e C a , c , e f d f e , a d c f f , e a c e c p a e p e a c e f c f e a p e a a e e a d a d b c , f e e f e e f e e a a a d e f a f c a a d p e e a e c f e e f a , a a .

# CORPORATE GOVERNANCE REPORT (CONTINUED)

## Amendments to the Articles of Association

In accordance with the provisions of the Charter of the Company, the Board of Directors of the Company has proposed amendments to the Articles of Association of the Company on October 13, 2023. Details of the amendments are as follows:

Before Amendment	After Amendment
<p>Article 16 After the amendment of the Charter of the Company, the authorized capital of the Company is RMB1.706523 billion, which is divided into 170,652,300 shares of ordinary shares, each with a par value of RMB1.</p>	<p>After the amendment of the Charter of the Company, the authorized capital of the Company is RMB2.236276 billion, which is divided into 223,627,600 shares of ordinary shares, each with a par value of RMB1.</p>
<p>(I) The authorized capital of the Company is 720 million shares, each with a par value of RMB1. The total number of shares issued by the Company as of December 31, 2005, is 853 million shares, representing 118.33% of the authorized capital. The total number of shares issued by the Company as of December 31, 2007, is 1,023.5 million shares, representing 142.14% of the authorized capital. The total number of shares issued by the Company as of December 31, 2017, is 329.717 million shares, representing 45.79% of the authorized capital. The total number of shares issued by the Company as of December 31, 2023, is 1,030.952 billion shares, representing 143.19% of the authorized capital.</p>	<p>(I) The authorized capital of the Company is 720 million shares, each with a par value of RMB1. The total number of shares issued by the Company as of December 31, 2005, is 853 million shares, representing 118.33% of the authorized capital. The total number of shares issued by the Company as of December 31, 2007, is 1,023.5 million shares, representing 142.14% of the authorized capital. The total number of shares issued by the Company as of December 31, 2017, is 329.717 million shares, representing 45.79% of the authorized capital. The total number of shares issued by the Company as of December 31, 2023, is 1,030.952 billion shares, representing 143.19% of the authorized capital.</p>
<p>(II) After the amendment of the Charter of the Company, the authorized capital of the Company is RMB469.151 billion, which is divided into 469,151,000 shares of ordinary shares, each with a par value of RMB1. The total number of shares issued by the Company as of December 31, 2005, is 562.981 million shares, representing 120.00% of the authorized capital. The total number of shares issued by the Company as of December 31, 2007, is 1,023.5 million shares, representing 218.19% of the authorized capital. The total number of shares issued by the Company as of December 31, 2017, is 329.717 million shares, representing 70.26% of the authorized capital. The total number of shares issued by the Company as of December 31, 2023, is 1,030.952 billion shares, representing 220.00% of the authorized capital.</p>	<p>(II) After the amendment of the Charter of the Company, the authorized capital of the Company is RMB469.151 billion, which is divided into 469,151,000 shares of ordinary shares, each with a par value of RMB1. The total number of shares issued by the Company as of December 31, 2005, is 562.981 million shares, representing 120.00% of the authorized capital. The total number of shares issued by the Company as of December 31, 2007, is 1,023.5 million shares, representing 218.19% of the authorized capital. The total number of shares issued by the Company as of December 31, 2017, is 329.717 million shares, representing 70.26% of the authorized capital. The total number of shares issued by the Company as of December 31, 2023, is 1,030.952 billion shares, representing 220.00% of the authorized capital.</p>
<p>The Charter of the Company has been amended to increase the authorized capital from RMB1.706523 billion to RMB2.236276 billion, which is divided into 223,627,600 shares of ordinary shares, each with a par value of RMB1.</p>	<p>The Charter of the Company has been amended to increase the authorized capital from RMB1.706523 billion to RMB2.236276 billion, which is divided into 223,627,600 shares of ordinary shares, each with a par value of RMB1.</p>

## CORPORATE GOVERNANCE REPORT (CONTINUED)

Before Amendment	After Amendment
<p>Article 17 The registered capital of the Company, RMB1,706,523 billion. The Company, capital increase shall be implemented by the following methods: the increase of capital shall be implemented by the following methods:</p> <p>(I) Raising of funds by issuing shares;</p> <p>(II) Paid-up shares;</p> <p>(III) Dividend;</p> <p>(IV) Acquisition of shares by the Company.</p>	<p>The registered capital of the Company, RMB2,236,276 billion. The Company, capital increase shall be implemented by the following methods: the increase of capital shall be implemented by the following methods:</p> <p>(I) Raising of funds by issuing shares;</p> <p>(II) Paid-up shares;</p> <p>(III) Dividend;</p> <p>(IV) Acquisition of shares by the Company.</p>

## RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors of the Company, in accordance with the requirements of the Company Law, the Securities Law, and the relevant regulations, has established a risk management system. The Board of Directors is responsible for the overall risk management of the Company, and the management is responsible for the implementation of the risk management system. The Company has established a risk management system that covers all aspects of the Company's operations, including financial, operational, and legal risks. The Company has also established a risk management system that covers all aspects of the Company's operations, including financial, operational, and legal risks.

The Company has established a risk management system that covers all aspects of the Company's operations, including financial, operational, and legal risks. The Company has also established a risk management system that covers all aspects of the Company's operations, including financial, operational, and legal risks. The Company has also established a risk management system that covers all aspects of the Company's operations, including financial, operational, and legal risks.

The Company has established a risk management system that covers all aspects of the Company's operations, including financial, operational, and legal risks. The Company has also established a risk management system that covers all aspects of the Company's operations, including financial, operational, and legal risks. The Company has also established a risk management system that covers all aspects of the Company's operations, including financial, operational, and legal risks.

In 2023, the Company has established a risk management system that covers all aspects of the Company's operations, including financial, operational, and legal risks. The Company has also established a risk management system that covers all aspects of the Company's operations, including financial, operational, and legal risks. The Company has also established a risk management system that covers all aspects of the Company's operations, including financial, operational, and legal risks.

The Board of Directors of the Company has established a risk management system that covers all aspects of the Company's operations, including financial, operational, and legal risks. The Company has also established a risk management system that covers all aspects of the Company's operations, including financial, operational, and legal risks. The Company has also established a risk management system that covers all aspects of the Company's operations, including financial, operational, and legal risks.







## AUDITORS' REPORT (CONTINUED)

(The figures are expressed in million RMB)

### (II) Impairment of receivable

#### 1. Decrease of allowance

As reported in Note 4 (11) and Note 8 (11) and Note 8 (11) of the financial statements, as of December 31, 2023, the allowance for impairment, accounts receivable, and

## AUDITORS' REPORT (CONTINUED)

(Use the enclosed table for RMB)

### IV. OTHER INFORMATION

The Management of the Company has provided the following information for the 2023 financial year, which is subject to audit by the auditors.

The following information is derived from the financial statements, and the management has provided the following information for the 2023 financial year.

In accordance with the financial statements, the management has provided the following information for the 2023 financial year, which is subject to audit by the auditors. The management has provided the following information for the 2023 financial year.

# AUDITORS' REPORT (CONTINUED)

(U e e e e e c f e d , a f a e R M B )

## VI. AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Of bec ue ae ba ea abea fa ce ab e e e e f a c a a e e a a n e a e e e f a e a a e e , e e d e f a f d e , a d f e a a f d ' e a c f d e f . Rea abea fa ce a n e e f a f a c e , b e a f a a e e a a a f d c d f c e d a c c d a c e n e a f d a d a a d e e c a a e a a e e e e . M a e e c a a e f f a f d e a d a e c d e e d a e a f , d d f a , e a e a e , e c f d e a a b , b e e e c e d f e c e e e c c d e c f e e a e e b a f e e f a c a a e e .

D e e e f a a f d c d f c e d a c c d a c e n a f d a d a d , e e e e f e a f d e a d a a f e a e e c n e n e e a f d . W e a :

- (1) I d e f a d a e e e f a e a a e e f e f a c a a e e , e e d e f a f d e , d e a d e f a f d c e d f e e e e n e e , a d b a a f d e d e c e a f f c e a d a a e e d e a b a f f . T e e f d e e c a a e a a e e e f f a f d n e a f e e e f f e , a f a f d a u e c f f e , e a e e e e e a , e e d e f e a c .
- (2) O b a a f d e a d f e a c e e a e a f d d e d e a f d c e d f e a e a a e e e c f a c e .
- (3) E a f a e e a a e e f a c c f c e f e d b a d e e a a b e e f a c c f e a e a d e a e d d c f e a d e b e a a e e .
- (4) C c f d e e a a e e f e a a e e ' f e f e c c e b a f a c c f a d , b a e d e a f d e d e c e b a e d , e e a a e a f c e a , e e a e d e e c d a a a c a f e f c a d f b e C a , a b , c f e a a c c e . I f e c c f d e a a a e a f c e a , e e e e e e d , f a f d ' e , d a a e f e f e f a e e e e a e d d c f e e f a c a a e e ; f f c n d c f e a e a d e f a e , e n e d d f f . O f c c f a e b a e d e a f d e d e c e b a e d f e d a e f f a f d ' e . H e e , f f e e e c d a c a f e e C a , c e a e c f e a a c c e .
- (5) E a f a e e f a c a a e e ' u e a e e a ( c f d d c f e ) , f c f e a d c e , a d e e e f a c a a e e f a , e e e e f d e , a a c a d e e .
- (6) O b a f f c e a a e a f d e d e c e e a d e f a c a f a f e e e b f e a c u e n e C a , e e e a e f a c a a e e . W e a e e b e f e d e c , f e u a d e f a c e f e f a f d , a d b e a f e e b , f f a f d .

W e c f c a e n e c a e d n e a c e e a d e a e d c e a d f e a f d , f c a a f d f d a d e a e , c f d a , f c a d e f c e c e e a c a e d e f d f a f d .



# CONSOLIDATION BALANCE SHEET

As at 31 December 2023

人民币列示，单位为人民币元

Item	Notes	Closing Balance	Opening Balance
<b>Current Assets:</b>			
Cash and bank balances	1	18,677,316,557.23	17,300,785,271.18
Securities			
Prepaid expenses and other receivables			
Deferred income tax assets	2	603,149,819.44	202,376,414.36
Financial assets at fair value through profit or loss			
Derivative financial assets			
Net receivables	3	975,331,805.68	1,542,259,070.99
Accrued receivables	4	7,161,224,594.18	7,445,375,580.96
Receivables from related parties	5	10,194,291.30	2,145,369.50
Prepaid expenses	6	8,015,031,909.43	4,893,228,667.72
Prepaid receivables			
Receivables from related parties			
Prepaid expenses			
Deferred income tax assets			
Other receivables	7	1,333,103,510.85	2,319,174,604.73
- Derivative financial assets		260,014.64	
Financial assets at fair value through profit or loss	8	1,755,000,000.00	1,170,000,000.00
Intangible assets	9	10,976,748,415.55	9,404,890,448.68
- Right-of-use assets		3,645,603,552.75	2,696,393,901.07
- Intangible assets		137,250,395.45	261,843,643.64
Contract assets	10	7,736,963,131.45	8,309,814,549.85
Available-for-sale financial assets			
Net contract assets	11	337,633,475.40	294,952,361.15
Other contract assets	12	3,044,888,178.25	639,006,924.66
<b>Total Current Assets</b>		<b>60,626,585,688.76</b>	<b>53,524,009,263.78</b>

# CONSOLIDATION BALANCE SHEET (CONTINUED)

As at 31 December 2023

Total figures in thousands of RMB

Item	Notes	Closing Balance	Original Balance
<b>Non-current assets:</b>			
Land and buildings			
Debentures			
Available-for-sale financial assets			
Other debt investments	13	299,639,400.00	
Derivative financial instruments			
Long-term equity investments	14	554,310,723.29	398,961,054.90
Long-term equity investments	15	856,602,278.38	377,317,390.52
Other equity investments	16	677,013,691.76	845,123,706.24
Other intangible assets			
Intangible assets	17	161,372,063.62	172,730,282.18
Goodwill	18	4,995,478,509.62	5,984,855,681.05
Intangible assets: Other intangible assets		14,373,767,739.57	16,029,713,555.55
Intangible assets: Goodwill		9,330,672,843.67	9,994,028,936.15
Intangible assets: Other intangible assets		47,708,685.42	51,042,555.23
Investments in subsidiaries	19	652,740,245.51	209,898,568.77
Participating investments			
Other assets			
Receivables		12,392,431.86	
Intangible assets	20	937,852,963.06	889,960,351.63
Derivative financial instruments	21	132,539,393.71	100,344,344.80
Goodwill	22	34,516,403.61	23,919,751.92
Long-term deferred income	23	4,444,917.10	2,274,060.63
Deferred income	24	625,356,125.13	723,805,905.84
Other intangible assets	25	726,109,437.30	30,330,169.80
Intangible assets: Securities, available-for-sale financial assets			
<b>Total non-current assets</b>		<b>10,670,368,583.95</b>	<b>9,759,521,268.28</b>
<b>Total assets</b>		<b>71,296,954,272.71</b>	<b>63,283,530,532.06</b>

(Total figures in thousands of RMB)

Note: Total assets less non-current assets equals total liabilities plus equity; Total liabilities plus equity equals total assets.

Legal Representative:

Chief Accountant:

Head of Accounting:





## CONSOLIDATION BALANCE SHEET (CONTINUED)

A la 31 Decembrie 2023

Tabelul este în milioane de lei

Item	N o	Closing Balance	Opening Balance
<b>Non-current liabilities:</b>			
Deferred tax liabilities	37	1,747,981,728.52	2,391,903,973.83
Deferred tax assets			
Deferred tax assets: Deferred tax assets			
Lease liabilities	38	11,007,012.24	88,421,052.65
Liabilities for employee benefits	39	51,708,704.04	22,101,896.71
Liabilities for employee benefits	40	319,894,911.90	345,492,088.56
Accrued liabilities	41	1,436,167,546.71	1,949,943,875.77
Deferred income	42	179,966,632.50	236,321,218.22
Deferred tax assets		6,576,303.68	10,224,586.23
Other non-current liabilities	43	86,485,747.09	6,423,408.10
Other non-current liabilities: Securities, financial assets at fair value			
<b>Total non-current liabilities</b>		<b>3,839,788,586.68</b>	<b>5,050,832,100.07</b>
<b>Total liabilities</b>		<b>56,709,158,680.13</b>	<b>50,909,668,579.12</b>

## CONSOLIDATION BALANCE SHEET (CONTINUED)

As at 31 December 2023

Translation of financial statements in CNY

Item	Notes	Closing Balance	Opening Balance
<b>Shareholders' Equity:</b>			
Paid-up capital (Share capital)	44	2,236,276,000.00	1,706,523,000.00
State-owned capital			
Director-owned capital		1,560,705,000.00	1,030,952,000.00
Capital reserve			
Profit reserve			
Minority interest		675,571,000.00	675,571,000.00
#Legal reserve			
Non-paid-up capital (Share capital)		2,236,276,000.00	1,706,523,000.00
Other items			
Preferred stock			
Preference debt			
Capital reserve	45	5,496,802,270.69	4,338,736,992.12
Legal reserve			
Other comprehensive income		-128,370,784.80	49,765,047.57
Investment revaluation reserve			
Exchange difference		-6,581,764.03	-2,714,672.67
Securities reserve	46	47,489,368.36	45,479,801.06
Surplus reserve	47	956,816,359.27	888,849,702.10
Surplus reserve		898,564,197.51	888,849,702.10
Dividend reserve		58,252,161.76	
#Reserve for disposal			
#Reserve for contingencies			
#Reserve for other items			
Goodwill			
Revaluation	48	5,255,688,935.55	4,698,595,292.71
Exchangeable preferred shares		13,864,702,149.07	11,727,949,835.56
Minority interest		723,093,443.51	645,912,117.38
<b>Total shareholders' equity</b>		<b>14,587,795,592.58</b>	<b>12,373,861,952.94</b>
<b>Total liabilities and other equity</b>		<b>71,296,954,272.71</b>	<b>63,283,530,532.06</b>

Legal Reserve:

Capital Reserve:

Other Reserve:

# BALANCE SHEET

(I add 0 eca e, 0 f fa f CNY)

Item	Note 16	Closing Balance	Opening Balance
<b>Current assets:</b>			
Cash and bank		2,083,906,099.24	1,150,744,221.28
Securities			
Prepaid expenses and other receivables			
Deferred tax assets			
Financial assets at fair value through profit or loss			
Financial assets at fair value through other comprehensive income			
Net derivatives		73,425,264.33	64,000,000.00
Accrued interest receivable	1	1,567,532,706.85	1,748,802,187.16
Receivable from related parties			
Prepaid interest		3,626,053,055.74	5,002,313,977.14
Prepaid expenses			
Receivable from insurance companies			
Prepaid interest expense			
Deferred income tax assets			
Other derivatives	2	449,584,851.07	762,800,554.50
Intangible assets		1,050,000.00	21,286,403.99
Financial assets at fair value through profit or loss			
Intangible assets		1,203,456,669.40	775,104,571.73
Intangible assets: RMB			
Intangible assets: Foreign			
Contract assets		1,018,780,517.39	1,274,440,765.65
Available-for-sale financial assets			
Non-current receivables			
Other receivables		355,551,600.21	219,488,300.87
<b>Total current assets</b>		<b>10,378,290,764.23</b>	<b>10,997,694,578.33</b>



## BALANCE SHEET (CONTINUED)

(I add 0 eca e, 0 f fa f CNY)

Item	Note 16	Closing Balance	Opening Balance
<b>Current liabilities:</b>			
Short-term borrowings		398,730,000.00	398,730,000.00
Trade payables			
Deferred income			
Contract liabilities			
Financial liabilities measured at fair value through profit or loss			
Financial guarantees provided			
Notes payable		176,000,000.00	222,720,801.66
Accounts payable		3,835,526,951.83	4,449,159,955.49
Advance contract receivables			
Contract liabilities		4,781,993,274.72	5,898,964,071.53
Short-term interest-bearing financial assets			
Other short-term interest-bearing financial assets			
Due to related parties			
Payable for employee benefits		174,236,556.86	112,667,312.52
Liabilities for short-term financing		167,321,601.84	105,771,601.84
Warranty liabilities			
A: Estimated liabilities for uncertain income tax			
Tax payable		2,623,861.52	3,908,441.51
Liabilities for tax payable		2,231,896.68	2,316,009.01
Other payables		295,650,552.99	315,581,328.57
Liabilities for dividend		5,890.65	5,873.71
Holding fees and other payables			
Payable for employee benefits			
Labor contract fees			
Non-current liabilities measured at fair value		1,380,000,000.00	
Other liabilities		926,602.35	
<b>Total current liabilities</b>		<b>11,045,687,800.27</b>	<b>11,401,731,911.28</b>

## BALANCE SHEET (CONTINUED)

(I add 0 eca e, 0 f a f CNY)

Item	Note 16	Closing Balance	Opening Balance
<b>Non-current liabilities:</b>			
Long-term debt		1,100,000,000.00	2,480,000,000.00
Deferred tax liabilities			
Provisions			
Lease liabilities			
Long-term payables			
Long-term payables, non-current			
Accrued liabilities		179,356,970.85	51,256,970.85
Deferred income		53,491,526.61	58,542,690.10
Deferred income			
Other non-current liabilities			
Long-term debt: Secured, non-current			
<b>Total non-current liabilities</b>		<b>1,332,848,497.46</b>	<b>2,589,799,660.95</b>
<b>Total liabilities</b>		<b>12,378,536,297.73</b>	<b>13,991,531,572.23</b>

## BALANCE SHEET (CONTINUED)

(I add      ð ec a e, ð f fa f CNY)

Item	Note 16	Closing Balance	Opening Balance
<b>Shareholding 'E i :</b>			
Paid- capital (State capital)		2,236,276,000.00	1,706,523,000.00
State-owned capital			
Domestic non-state capital		1,560,705,000.00	1,030,952,000.00
Foreign capital			
Indefinite capital		675,571,000.00	675,571,000.00
#Le : ð e e ð ed			
New paid- capital (State capital)		2,236,276,000.00	1,706,523,000.00
Other ð , ð e			
Preferred			
Preferred debt			
Capital reserve		4,796,067,100.48	3,625,820,100.48
Le : Tea f, c			
Other ð e ð e c e			
I c f d : Ec ð ed ffe e ce a f f e			
c f e ç a a			
Seca e e e			
S f f e e e		814,337,088.84	725,622,057.70
Safe e e e		756,084,927.08	725,622,057.70
D ce a, f f e e e		58,252,161.76	
#Re e ð f f d			
#E e e e a f f d			
#Re f e e b f			
Ge ea e e e			
Re a ed ea		923,091,998.24	717,417,473.61
<b>Total shareholding 'e i</b>		<b>8,769,772,187.56</b>	<b>6,775,382,631.79</b>
<b>Total liabilities and other 'e i</b>		<b>21,148,308,485.29</b>	<b>20,766,914,204.02</b>

Le a Re e e a e :

C ð f Acc f a :

Head f Acc f :



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 31 December 2023

人民币为列示货币单位

Item	Notes	Continued	Period
<b>I. Gross income</b>		<b>29,250,349,896.53</b>	24,984,261,415.23
Income: Revenue	49	28,840,864,267.52	24,643,794,215.80
License fee	50	409,448,104.81	340,467,199.43
Professional fee			
Fee and commission		37,524.20	
<b>II. Total operating cost</b>		<b>29,414,396,382.95</b>	24,746,152,616.39
Income: Cost of sales		25,721,083,239.21	21,780,363,716.94
License fee	50	15,755,333.62	15,449,717.68
Fee and commission	51	200,036.62	77,557.00
Share of net loss of associates			
Net loss of associates			
Net loss of associates (continued)			
Professional fee			
Travel and related expenses	52	195,880,694.39	169,280,840.08
Salaries and wages	53	622,165,587.64	623,905,440.69
General and administrative expenses	54	1,561,035,135.21	1,295,326,666.40
Research and development expenses	55	998,625,593.36	726,641,980.52
Financial expenses	56	299,650,762.90	135,106,697.08
Income: License fee		200,366,923.11	243,366,883.60
License fee		28,172,075.43	39,853,821.40
Exchange loss		72,767,678.05	-91,282,588.56
Other			
Profit: Other	57	231,352,604.79	148,370,309.20
License fee (continued)	58	262,098,236.48	39,180,200.28
Of which: License fee			
License fee		53,259,974.55	10,692,995.08
Financial expenses			
Exchange loss			
Exchange loss (continued)		3,302.09	57,521.53
Headquarters expenses			
(continued)			
Gift and entertainment expenses	59	3,149,819.44	789,659.16
(continued)			
Change in fair value of financial assets	60	551,637,364.56	-331,571,253.69
Change in fair value of financial liabilities	61	-43,301,135.02	57,980,876.51
Gain from disposal of financial assets	62	2,908,649.88	2,785,668.86
<b>III. Operating profit (loss)</b>		<b>843,802,355.80</b>	155,701,780.69
Add: Non-operating income	63	90,831,415.41	56,170,684.16
Income: Government grant		5,495,376.15	9,590,163.94
Loss: Non-operating expense	54	165,627,024.85	6,095,779.97

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the period ended 31 December 2023  
The figures are in RMB

Item	Notes	Current Period	Prior Period
<b>IV. Profit before tax ( - Profit )</b>		<b>769,006,746.36</b>	205,776,684.88
Less: Income tax expense	65	<b>153,623,394.73</b>	76,348,414.01
<b>V. Net profit ( - Profit )</b>		<b>615,383,351.63</b>	129,428,270.87
(I) Cost of sales		<b>574,760,038.85</b>	98,638,427.66
Net financial assets - credit		<b>40,623,312.78</b>	30,789,843.21
(II) Cost of sales		<b>631,737,479.00</b>	129,428,270.87
Net financial assets		<b>-16,354,127.37</b>	
<b>VI. Other comprehensive income, net of tax</b>		<b>-173,536,642.24</b>	58,617,543.53
Other comprehensive income	66	<b>-178,135,832.37</b>	58,664,847.53
(I) Other comprehensive income		<b>-152,718,675.23</b>	57,939,321.96
1. Change in fair value of financial assets			
2. Exchange differences on translation of financial statements			
3. Change in fair value of financial assets, net of tax		<b>-152,718,675.23</b>	57,939,321.96
4. Change in fair value of financial assets			
5. Other			
(II) Other comprehensive income		<b>-25,417,157.14</b>	725,525.57
1. Exchange differences on translation of financial statements			
2. Change in fair value of financial assets		<b>2,171,169.00</b>	-478,296.00
3. Change in fair value of financial assets - available-for-sale financial assets			
4. Reclassification of Available-for-sale financial assets			
5. Reclassification of Held-to-maturity financial assets - available-for-sale financial assets			
6. Net change in reclassified financial assets		<b>44,331,753.37</b>	
7. Cash flow hedge (Effective portion of cash flow hedge)		<b>-68,052,988.15</b>	-5,459,896.88
8. Exchange differences on translation of financial statements		<b>-3,867,091.36</b>	6,663,718.45
9. Other			
Other comprehensive income		<b>4,599,190.13</b>	-47,304.00

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the period ended 31 December 2023

Translation of the financial statements from RMB to CNY

Item	Notes	Continued	Period
<b>VII. Total comprehensive income</b>		<b>441,846,709.39</b>	188,045,814.40
Attributable to the ordinary shareholders		<b>396,624,206.48</b>	157,303,275.19
Attributable to non-controlling interests		<b>45,222,502.91</b>	30,742,539.21
<b>VIII. Earnings per share</b>			
Basic earnings per share		<b>0.313</b>	0.058
Diluted earnings per share		<b>0.313</b>	0.058

Legal Representative:

Chief Accountant:

Head of Accounting:

# STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023  
T h e c o m p a n y a n d a e c n y

Item	Note 16	Current Period	Previous Period
<b>I. Gross revenue</b>		<b>5,617,575,626.82</b>	5,780,472,264.27
Income: Revenue	4	5,617,575,626.82	5,780,472,264.27
License fee			
Performance fee			
Fee and commission			
<b>II. Total operating cost</b>		<b>6,012,705,435.94</b>	6,055,578,445.04
Income: Cost	4	5,604,783,010.33	5,724,368,531.89
License fee			
Fee and commission			
Staff			
Network maintenance			
Network equipment purchase			
Property depreciation			
Performance fee			
Travel and accommodation		10,273,448.81	10,731,491.15
Security		9,931,616.64	24,310,321.50
Geographical information		256,118,884.62	175,269,873.42
Reaction and maintenance		61,835,666.04	50,201,166.65
Facilities		69,762,809.50	70,697,060.43
Income: License fee		80,730,457.43	88,970,988.73
License fee		19,768,682.37	25,146,592.81
E-commerce		199,042.20	-10,674.93
Other			
Profit: Other		6,525,192.43	4,159,165.07
Income: Other ( " " )	5	742,229,016.94	1,634,089,624.12
Of which: Other ( " " )			
Revenue		53,814,227.05	11,263,147.95
Facilities and commission			
E-commerce ( " " )			
Headquarters			
( " " )			
Gift certificate purchase			
( " " )			
Cash ( " " )		297,140,680.12	-447,788,783.88
Accounts ( " " )		46,316,884.58	-2,412,920.90
Gift certificate purchase ( " " )		13,318,997.63	
<b>III. Operating profit ( - loss )</b>		<b>710,400,962.58</b>	912,940,903.64
Add: Non-operating		724,837.59	1,313,108.15
Income: Other			
Loss: Non-operating		128,100,000.00	0.02

## STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the period ended 31 December 2023

财务报表附注 截至 2023 年 12 月 31 日止

Item	Note 16	Continued	Period
<b>IV. Profit before tax ( - for loss )</b>		<b>583,025,800.17</b>	914,254,011.77
Less: Income tax expense		504,182.59	494,148.90
<b>V. Net profit ( - for loss )</b>		<b>582,521,617.58</b>	913,759,862.87
Net profit attributable to equity holders of the Company		582,521,617.58	913,759,862.87
Net profit attributable to non-controlling interests			
<b>VI. Other comprehensive income, net of tax</b>			
(I) Other comprehensive income before tax			
1. Change in fair value of available-for-sale financial assets			
2. Exchange differences on translation of foreign operations			
3. Change in fair value of investment properties			
4. Change in fair value of financial assets measured at fair value through other comprehensive income			
5. Other			
(II) Other comprehensive income after tax			
1. Exchange differences on translation of foreign operations			
2. Change in fair value of debt investments			
3. Change in fair value of available-for-sale financial assets			
4. Reclassification of available-for-sale financial assets			
5. Reclassification of debt investments			
6. Net change in redefined employee benefit liabilities			
7. Cash flow hedge (Effective portion of cash flow hedge)			
8. Exchange differences on translation of financial assets			
9. Other			
<b>VII. Total comprehensive income</b>		<b>582,521,617.58</b>	913,759,862.87
<b>VIII. Earnings per share</b>			
Basic earnings per share		0.26	
Diluted earnings per share		0.26	

Less: Related expenses

Cost of Acquisition

Head of Acquisition



Item	Notes	Current Period	Period
<b>II. Cash flow from operating activities</b>			
Cash received from sales of goods		1,750,644,843.75	687,857,857.43
Cash received from services		28,514,768.84	95,223,211.93
Net cash received from disposal of fixed assets, long-term investments and other assets		8,995,530.76	8,936,012.83
Net cash received from disposal of financial assets and other receivables		20,368.02	
Cash received from financing activities		23,481,613.50	25,850,274.96
<b>Subtotal of cash flow from operating activities</b>		<b>1,811,657,124.87</b>	<b>817,867,357.15</b>
<b>Cash flow from investing activities</b>			
Cash paid for acquisition of fixed assets, long-term investments and other assets		1,090,422,015.22	372,921,086.20
Cash paid for services		2,072,671,969.74	1,095,544,615.57
Net cash received from disposal of fixed assets		95,260,751.50	
Cash paid for acquisition of financial assets and other receivables		261,845,172.88	9,827,900.02
<b>Subtotal of cash flow from investing activities</b>		<b>3,520,199,909.34</b>	<b>1,478,293,601.79</b>
<b>Net cash flow from operating activities</b>		<b>-1,708,542,784.47</b>	<b>-660,426,244.64</b>

## CONSOLIDATED STATEMENT OF CASH FLOW STATEMENT (CONTINUED)

Fiscal Year ended 31 December 2023  
Total in CNY

Item	Notes	Current Period	Prior Period
<b>III. Cash flow from financing activities</b>			
Cash received from issuance of debt		1,714,666,520.00	4,888,840.00
Interest received on cash and cash equivalents			
Cash received from		2,161,647,038.55	4,175,095,724.38
Cash received from		574,980,550.00	397,850,000.00
<b>Subtotal of cash inflow from financing activities</b>		<b>4,451,294,108.55</b>	<b>4,577,834,564.38</b>
<b>IV. Effect of fluctuations in exchange rates on cash and cash equivalents</b>			
Cash and cash equivalents		3,684,700,015.64	4,745,699,765.52
Cash and cash equivalents		226,831,302.94	282,026,116.29
Interest received on cash and cash equivalents		1,500,000.00	300,000.00
Cash and cash equivalents		17,884,358.43	14,178,193.42
<b>Subtotal of cash flow from financing activities</b>		<b>3,929,415,677.01</b>	<b>5,041,904,075.23</b>
<b>Net cash flow from financing activities</b>		<b>521,878,431.54</b>	<b>-464,069,510.85</b>
<b>V. Net increase in cash and cash equivalents</b>			
Add: Beginning balance of cash and cash equivalents		1,087,677,922.42	3,655,584,012.92
		16,276,554,185.93	12,620,970,173.01
<b>VI. Ending balance of cash and cash equivalents</b>		<b>17,364,232,108.35</b>	<b>16,276,554,185.93</b>

Legal Representative:

Chief Accountant:

Head of Accounting:





## STATEMENT OF CASH FLOW STATEMENT (CONTINUED)

F 0, ea e ded 31 Dece be 2023  
T 0cf e q f 0 ae e ae CNY

Item	Note 16	Current Period	Prior Period
<b>II. Cash flow from operating activities</b>			
Cash received from sales			2,000,000.00
Cash received from other operations		847,788,849.54	1,715,485,090.04
Net cash received from sales, after adjustment			
Net cash received from other operations		400,717,768.02	
Cash received from other operations			
<b>Sub-total of cash inflow from operating activities</b>		<b>1,248,506,617.56</b>	1,717,485,090.04
<b>Cash flow from investing activities</b>			
Cash paid for acquisition, after adjustment		1,381,352.00	14,040,040.48
Cash paid for other operations		1,720,759,200.00	1,615,200,000.00
Net cash paid for other operations			
Net cash paid for acquisition, after adjustment			
Cash paid from other operations		48,785,230.26	
<b>Sub-total of cash outflow from investing activities</b>		<b>1,770,925,782.26</b>	1,629,240,040.48
<b>Net cash flow from investing activities</b>		<b>-522,419,164.70</b>	88,245,049.56
<b>III. Cash flow from financing activities</b>			
Cash raised from financing		1,700,000,000.00	
Cash received from other operations			1,730,000,000.00
Cash received from other operations			
Sub-total of cash raised from financing		1,700,000,000.00	1,730,000,000.00
Cash paid for debt			1,450,000,000.00
Cash paid for other operations			
Net cash paid for other operations		91,580,368.80	87,437,666.84
Cash paid from other operations			
<b>Sub-total of cash outflow from financing activities</b>		<b>91,580,368.80</b>	1,537,437,666.84
<b>Net cash flow from financing activities</b>		<b>1,608,419,631.20</b>	192,562,333.16

## STATEMENT OF CASH FLOW STATEMENT (CONTINUED)

For the year ended 31 December 2023

The accompanying notes are an integral part of these financial statements

Item	Note 16	Current Period	Previous Period
<b>IV. Effect of fluctuation in exchange rate on cash and cash equivalents</b>		738.67	11,172.50
<b>V. Net increase in cash and cash equivalents</b>		933,161,877.96	-841,445,466.11
Add: Beginning balance of cash and cash equivalents		1,150,744,221.28	1,992,189,687.39
<b>VI. Ending balance of cash and cash equivalents</b>		<b>2,083,906,099.24</b>	1,150,744,221.28

Legal Representative:

Chief Accountant:

Head of Accounting:

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

F 0, ea e ded 31 Dece be 2023  
T 0cf eç f 0 a e e a e CNY

Item	C 0,0n P0,0j0d													
	E i a 0,0b 0,0de 0,0pa 0,0n 0,0pa 0,0n							C 0,0n P0,0j0d						
	0,0he,0,0p 0,0n 0,0n 0,0n	0,0he,0,0p 0,0n 0,0n	0,0he,0,0p 0,0n 0,0n	0,0he,0,0p 0,0n 0,0n	0,0he,0,0p 0,0n 0,0n	0,0he,0,0p 0,0n 0,0n	0,0he,0,0p 0,0n 0,0n	0,0he,0,0p 0,0n 0,0n	0,0he,0,0p 0,0n 0,0n	0,0he,0,0p 0,0n 0,0n	0,0he,0,0p 0,0n 0,0n	0,0he,0,0p 0,0n 0,0n	0,0he,0,0p 0,0n 0,0n	0,0he,0,0p 0,0n 0,0n
Paid-in capital (0,0Share capital)														
0,0Share capital														
0,0Share premium														
0,0Reserves														
0,0Retained earnings														
0,0Total equity														
0,0Total assets														

0,0M e 0,0

0,0mm  
0,0I. Balance a 0,0December, 0,031, 0,02022

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the period ended 31 December 2023  
 The figures are in million RMB

Description	Period													
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	End of the period													
	Beginning of the period													
	1,706,520,000.00	1,706,520,000.00	1,706,520,000.00	1,706,520,000.00	1,706,520,000.00	1,706,520,000.00	1,706,520,000.00	1,706,520,000.00	1,706,520,000.00	1,706,520,000.00	1,706,520,000.00	1,706,520,000.00	1,706,520,000.00	1,706,520,000.00
<b>Col 1</b>														
<b>I. Balance at December 31, 2021</b>														
Additional contributions														
Retained earnings														
Other														
<b>II. Balance at January 1, 2022</b>	1,706,520,000.00	1,706,520,000.00	1,706,520,000.00	1,706,520,000.00	1,706,520,000.00	1,706,520,000.00	1,706,520,000.00	1,706,520,000.00	1,706,520,000.00	1,706,520,000.00	1,706,520,000.00	1,706,520,000.00	1,706,520,000.00	1,706,520,000.00
<b>III. Increase in 2021 (No decrease)</b>														
(i) Tax effects														
(ii) Cash dividends														
1. Cash dividends														
2. Cash dividends in kind														
3. Cash dividends in kind														
4. Other														
(iii) Securities														
1. Available for sale														
2. Available for sale														
(iv) Profit														
1. Available for sale														
2. Available for sale														
3. Profit														
4. Other														
(v) Lease, facilities, and other (costs)														
1. Lease, facilities, and other (costs)														
2. Lease, facilities, and other (costs)														
3. Lease, facilities, and other (costs)														
4. Other														
<b>IV. Balance at December 31, 2022</b>	1,706,520,000.00	1,706,520,000.00	1,706,520,000.00	1,706,520,000.00	1,706,520,000.00	1,706,520,000.00	1,706,520,000.00	1,706,520,000.00	1,706,520,000.00	1,706,520,000.00	1,706,520,000.00	1,706,520,000.00	1,706,520,000.00	1,706,520,000.00

Head of Account :  
 Chief Accountant :

# STATEMENT OF CHANGES IN EQUITY

Periódul de referință: 31 Decembrie 2023  
 Tăcut de cifre în lei și în RON

Nivel	Contul de Profit și Pierdere											
	Profitul net						Alte modificări ale echității					
	1	2	3	4	5	6	7	8	9	10	11	12
	Saldo la începutul perioadei	Profitul net	Alte modificări ale echității	Saldo la sfârșitul perioadei	Saldo la începutul perioadei	Profitul net	Alte modificări ale echității	Saldo la sfârșitul perioadei	Saldo la începutul perioadei	Profitul net	Alte modificări ale echității	Saldo la sfârșitul perioadei
<b>II. Balanța la 31 Decembrie 2023</b>	1.706.523.000,00			3.625.820.100,48				725.822.057,70			717.417.473,61	6.775.392.631,79
III. Incasa și decasa în 2023 ( - la decembrie )												
(I) Tracțiune												
(II) Cașacțiunile de schimb												
1. Câștiguri de schimb												
2. Câștiguri de schimb nete												
3. Alți câștiguri nete												
4. Pierderi												
(III) Scapări												
1. Alți dați												
2. Alți dați												
(IV) Profit												
1. Wdații												
2. Wdații												
3. Pierderi												
4. Pierderi												

# STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the period ended 31 December 2023

人民币为列示单位

列	截至 2023 年 12 月 31 日止期间						期初余额
	股本	其他综合收益	资本公积	其他权益工具	盈余公积	未分配利润	
IV. Balance at December 31, 2023	2,235,275,000.00	4,795,067,100.48	814,337,068.84	922,091,498.24	8,765,772,187.55		

人民币为列示单位

Head of Account :

Head of Account :

# STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the period ended 31 December 2023  
 The figures are in RMB

Column	Period											
	1	2	3	4	5	6	7	8	9	10	11	12
Row	Balance at the beginning of the period	Profit or loss	Other comprehensive income	Share-based payment	Other	Reserves	Other	Share-based payment	Other	Reserves	Other	Balance at the end of the period
<b>I. Balance at December 31, 2021</b>	1,706,523,000.00			3,625,820,100.48				645,909,005.07			-416,628,336.63	5,861,622,766.92
Additional income												
Decrease												
<b>II. Balance at January 1, 2022</b>	1,706,523,000.00			3,625,820,100.48				645,909,005.07			-416,628,336.63	5,861,622,766.92
<b>III. Increase/Decrease in 2023 (in RMB)</b>												
(I) Tax expense												
(II) Cash dividends												
1. Cash dividends												
2. Cash dividends												
3. Dividends												
4. Other												
(III) Share-based payment												
1. At the end of 2022												
2. At the end of 2023												
(IV) Profit												
1. Profit												
2. Profit												
3. Profit												
4. Other												



# STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the period ended 31 December 2023

人民币为记账本位币

	Period	Share Capital	Reserves	Retained Earnings	Total
IV. Balance at December 31, 2022		1,706,523,000.00	3,625,820,100.48	717,417,473.61	6,755,362,637.79
1. Capital contribution					
2. Capital reserve					
3. Surplus reserve					
4. Cash dividend					
5. Other comprehensive income					
6. Other					

人民币为记账本位币

人民币为记账本位币

人民币为记账本位币

# NOTES TO THE FINANCIAL STATEMENTS OF 2023

人民币, 记账本位币, 人民币 CNY

## 1. COMPANY PROFILE

### 1.1 Place of registration, organizational form and address of headquarters

Hab Eec c G ., L.d. (the afefefed a 'C a, 'C a) a e a ed b, 'e ae- ede e e Hab Eec c G ., L.d. (the afefefed a 'Hab Eec c G .) a d b da e f 'e Hab Eec c Fac , Hab B e Fac , a d Hab Sea .Tf b e Fac , 'C a, a c aed Hab Oc be 6, 1994, a d a e a ed a c edc a, ed H K 'a a f 'SaeS e Ref C N e be 5, 1994.

T e a a a eca a f 'C a, a RMB1,189,151,000, f 'Hab Eec c G . 'd RMB720,000,000, acc f 60.55% f a eca a, a d RMB469,151,000 f H e e e f ed e ea, acc f 39.45% f a eca a, a d e e ed a d aded 'H K S c Ec a e Dece be 16, 1994. Acc d e e f e e e a e e f a e 'de a d e a a f 'C 'a Sec e Re a , C , a d 'a a f 'H K S c Ec a e, 'c a, aca a a f 93.83 H e 2005, f '85.3 e a e a d 8.53 ae- ed a e e ed f ced. Afe 'c e f 'H- a e ac , 'e aca a f 'C a, a c aed RMB1,274,451,000. W 'e e f '2005 A a Ge e a Mee f S a e 'de f 'C a, a d a a f 'C 'a Sec e Re a , C Z e Ja Gf He Z [2007] N .6, 'C a, feda add a 112.59 e e ed f e a e (H a e) Feb a, 2007, c f d 102.355 e a e, a d 10.235 a e e e ed f ced b, ae- ed a e 'de . Acc d e e , f 'Sae- ed A e S e a d Ad a C f 'Sae C f c [2006] N .1492, 'C a, a fe ed 10.235 a e f ae- ed e a e e d b, Hab Eec c P e G . 'Na a C f c f S ca Sec , F d e ac H a e . O Mac '2, 2007, 'C a, ece ed a add a eca a f RMB102,355,000.00 f e ea a e 'de , a d e e eed ca a a d a eca a f 'C a, beca e RMB1,376,806,000.00. I ae- ed c ae a e e e 701,235,000.00, a, acc f 50.93% f 'a eca a, a d 675,571,000.00, a f H a e e e f ed e ea, acc f 49.07% f 'a eca a. O Dece be 1, 2017, e e e a e e f a e 'de a ed a a e e d e c a e Hab Eec c G ., c f d 329,717,000 e a e . O Dece be 6, 2017, 'c a, ece ed e e a eca a f RMB329,717,000.00 a d b, Hab Eec c P e G . c f e c, a d e e eed ca a a d a eca a f 'c a, beca e RMB1,706,523,000.00. I ae- ed c ae a e a e 1,030,952,000.00, a, acc f 60.41% f 'a eca a, a d 675,571,000.00, a f H a e e f ed e ea, acc f 39.59% f 'a eca a.

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Unit: RMB million, unless otherwise specified. Currency: CNY

## 1. COMPANY PROFILE (CONTINUED)

### 1.1 Place of registration, organizational form and address of head office (Continued)

On August 12, 2023, the company received the approval of the State Administration of Market Regulation of Heilongjiang Province, registered with the registered capital of 52,975.30 million RMB. On September 20, 2023, the company received the approval of the State Administration of Market Regulation of Heilongjiang Province, registered with the registered capital of RMB529,753,000.00 and the Heilongjiang Province State Administration of Market Regulation, approved the company's change of registered capital to RMB2,236,276,000.00. The company's registered capital is RMB1,560,705,000.00, accounting for 69.79% of the total registered capital, and the company's total registered capital is RMB675,571,000.00, accounting for 30.21% of the total registered capital.

The company's business registration number is: 91230100127575573H

Legal representative: Cao Zhen

Address: No. 1399, Changshun Road, Shuangfeng District, Harbin City, Heilongjiang Province

### 1.2 Nature of business and main business of the enterprise

The company's business is to provide comprehensive services for the power industry, including the design, manufacturing, installation, maintenance, and repair of power equipment.

According to the company's business nature, the company's main business is the design, manufacturing, installation, maintenance, and repair of power equipment, and the company's main business is the design, manufacturing, installation, maintenance, and repair of power equipment.

### 1.3 The name of the parent company and the head office of the group

The parent company is Heilongjiang Electric Group Company Limited.

### 1.4 Approval of financial statements

The financial statements were approved by the Board of Directors of the company on March 28, 2024.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Unit: million RMB, except for share-based payment expenses in RMB million and currency exchange rates in CNY

### 2. BASIS OF PREPARATION FOR THE FINANCIAL STATEMENTS

Our financial statements are prepared on the basis of the accounting policies and methods consistently applied. The accounting policies and methods used in the preparation of the financial statements are consistent with the accounting policies and methods used in the preparation of the financial statements of the Company and its subsidiaries. The financial statements are prepared in accordance with the accounting standards, accounting rules, accounting procedures and accounting methods of the People's Republic of China. The financial statements are prepared in accordance with the accounting standards, accounting rules, accounting procedures and accounting methods of the People's Republic of China. The financial statements are prepared in accordance with the accounting standards, accounting rules, accounting procedures and accounting methods of the People's Republic of China.

As at 31 December 2023, the Company's net assets were RMB7,757,215,595.31. The Company's net assets were RMB7,757,215,595.31. The Company's net assets were RMB7,757,215,595.31. The Company's net assets were RMB7,757,215,595.31.

The financial statements are prepared in accordance with the accounting standards, accounting rules, accounting procedures and accounting methods of the People's Republic of China.

The financial statements are prepared in accordance with the accounting standards, accounting rules, accounting procedures and accounting methods of the People's Republic of China.

### 3. STATEMENT OF COMPLIANCE WITH ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The financial statements are prepared in accordance with the accounting standards, accounting rules, accounting procedures and accounting methods of the People's Republic of China.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Unit: million RMB Yuan, unless otherwise specified

### 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

#### 4.1 Accounting period

The accounting period is from January 1 to December 31 of each year.

#### 4.2 The basic principle of accounting

The Company adopts the basic accounting principle of accrual basis.

#### 4.3 Accounting basis and measurement principle

The Company uses the accrual basis as the accounting basis. The Company uses the historical cost as the measurement basis for assets and liabilities, except for those that are measured at fair value. The Company uses the historical cost as the measurement basis for assets and liabilities, except for those that are measured at fair value. The Company uses the historical cost as the measurement basis for assets and liabilities, except for those that are measured at fair value.

#### 4.4 Accounting treatment of business combination under the same control and non-same control

4.4.1 The Company, as the acquirer, identifies the identifiable intangible assets that are acquired in a business combination under the same control. The Company identifies the identifiable intangible assets that are acquired in a business combination under the same control. The Company identifies the identifiable intangible assets that are acquired in a business combination under the same control.

(1) The Company identifies the identifiable intangible assets that are acquired in a business combination under the same control. The Company identifies the identifiable intangible assets that are acquired in a business combination under the same control.

(2) The Company identifies the identifiable intangible assets that are acquired in a business combination under the same control. The Company identifies the identifiable intangible assets that are acquired in a business combination under the same control.

(3) The Company identifies the identifiable intangible assets that are acquired in a business combination under the same control. The Company identifies the identifiable intangible assets that are acquired in a business combination under the same control.

(4) The Company identifies the identifiable intangible assets that are acquired in a business combination under the same control. The Company identifies the identifiable intangible assets that are acquired in a business combination under the same control.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Unit: million RMB Yuan, except for CNY

### 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 4.4 Accounting treatment of business combination under the same control and non-same control (Continued)

##### 4.4.2 Business combination

For a business combination under the same control, the acquirer shall use the book value of the identifiable intangible assets (including identifiable intangible assets) of the acquiree as the initial recognition amount. The cost of the acquisition shall be adjusted according to the difference between the book value of the identifiable intangible assets and the book value of the identifiable intangible assets (including identifiable intangible assets). If the cost of the acquisition is less than the book value of the identifiable intangible assets, the difference shall be recorded as a gain in the profit and loss account.

If the cost of the acquisition is greater than the book value of the identifiable intangible assets, the difference shall be recorded as a gain in the profit and loss account. The book value of the identifiable intangible assets shall be adjusted according to the difference between the book value of the identifiable intangible assets and the book value of the identifiable intangible assets.

If the cost of the acquisition is less than the book value of the identifiable intangible assets, the difference shall be recorded as a gain in the profit and loss account. If the cost of the acquisition is greater than the book value of the identifiable intangible assets, the difference shall be recorded as a gain in the profit and loss account. The book value of the identifiable intangible assets shall be adjusted according to the difference between the book value of the identifiable intangible assets and the book value of the identifiable intangible assets. If the cost of the acquisition is less than the book value of the identifiable intangible assets, the difference shall be recorded as a gain in the profit and loss account. If the cost of the acquisition is greater than the book value of the identifiable intangible assets, the difference shall be recorded as a gain in the profit and loss account. The book value of the identifiable intangible assets shall be adjusted according to the difference between the book value of the identifiable intangible assets and the book value of the identifiable intangible assets.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Unit: RMB million, unless otherwise specified. Currency: CNY

### 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 4.4 Accounting treatment of business combination under the same control and non-same control (Continued)

##### 4.4.3 Business combination under common control

For business combinations under common control, the acquirer shall measure the identifiable intangible assets, liabilities, and equity of the acquiree at their carrying amounts on the acquisition date. The acquirer shall measure the identifiable intangible assets, liabilities, and equity of the acquiree at their carrying amounts on the acquisition date. The acquirer shall measure the identifiable intangible assets, liabilities, and equity of the acquiree at their carrying amounts on the acquisition date.

(1) The business combination shall be accounted for as an acquisition of the acquiree, and the acquirer shall measure the identifiable intangible assets, liabilities, and equity of the acquiree at their carrying amounts on the acquisition date.

(2) If the business combination is accounted for as an acquisition of the acquiree, the acquirer shall measure the identifiable intangible assets, liabilities, and equity of the acquiree at their carrying amounts on the acquisition date.

(3) The business combination shall be accounted for as an acquisition of the acquiree, and the acquirer shall measure the identifiable intangible assets, liabilities, and equity of the acquiree at their carrying amounts on the acquisition date.

(4) The business combination shall be accounted for as an acquisition of the acquiree, and the acquirer shall measure the identifiable intangible assets, liabilities, and equity of the acquiree at their carrying amounts on the acquisition date.

(5) The business combination shall be accounted for as an acquisition of the acquiree, and the acquirer shall measure the identifiable intangible assets, liabilities, and equity of the acquiree at their carrying amounts on the acquisition date.

The acquirer shall measure the identifiable intangible assets, liabilities, and equity of the acquiree at their carrying amounts on the acquisition date. The acquirer shall measure the identifiable intangible assets, liabilities, and equity of the acquiree at their carrying amounts on the acquisition date.

The business combination shall be accounted for as an acquisition of the acquiree, and the acquirer shall measure the identifiable intangible assets, liabilities, and equity of the acquiree at their carrying amounts on the acquisition date. The business combination shall be accounted for as an acquisition of the acquiree, and the acquirer shall measure the identifiable intangible assets, liabilities, and equity of the acquiree at their carrying amounts on the acquisition date.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Unit: RMB million, except for CNY

### 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 4.4 Accounting treatment of business combination under the same control and non-same control (Continued)

##### 4.4.3 Business combination (Continued)

If the business combination is achieved by the purchase method, the identifiable intangible assets acquired in the business combination are recognized and measured at fair value. If the business combination is achieved by the purchase method, the identifiable intangible assets acquired in the business combination are recognized and measured at fair value. If the business combination is achieved by the purchase method, the identifiable intangible assets acquired in the business combination are recognized and measured at fair value.

If the business combination is achieved by the purchase method, the identifiable intangible assets acquired in the business combination are recognized and measured at fair value. If the business combination is achieved by the purchase method, the identifiable intangible assets acquired in the business combination are recognized and measured at fair value.

##### 4.4.4 Treatment of fees incurred in business combination

The acquisition fee incurred in business combination is recognized as an expense in the period incurred. The acquisition fee incurred in business combination is recognized as an expense in the period incurred.

##### 4.4.5 Share-based payment

The share-based payment is recognized as an expense in the period incurred. The share-based payment is recognized as an expense in the period incurred.



## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

1 add      0    eca   e,   0    fa   0    CNY

### 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 4.4 Accounting p a men of b ine combina ion nde , he ame con ol and no nde , he ame con ol (Con in ed)

##### 4.4.6 P ced e f c da

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## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Unit: RMB million, except for CNY

### 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 4.4 Accounting treatment of business combination under the same control and non-same control (Continued)

##### 4.4.6 Purchased intangible assets (Continued)

(1) Intangible assets

Intangible assets are identified and recognized as intangible assets if they are identifiable and separable from the acquired entity. Intangible assets are measured at cost. Intangible assets are amortized over their useful lives. Intangible assets are tested for impairment at the end of each reporting period. Intangible assets are revalued if they are measured at fair value less costs to sell. Intangible assets are measured at fair value less costs to sell if they are measured at fair value less costs to sell. Intangible assets are measured at fair value less costs to sell if they are measured at fair value less costs to sell.

When the fair value of an intangible asset is not reliably measurable, the asset is measured at cost. When the fair value of an intangible asset is not reliably measurable, the asset is measured at cost. When the fair value of an intangible asset is not reliably measurable, the asset is measured at cost. When the fair value of an intangible asset is not reliably measurable, the asset is measured at cost.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

人民币, 折合人民币 CNY

### 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 4.4 Accounting treatment of business combination under the same control and non-same control (Continued)

##### 4.4.6 Purchased intangible assets (Continued)

###### (1) Intangible assets purchased (Continued)

对于使用寿命不确定的无形资产, 按照取得时的成本进行初始计量, 不进行摊销, 但至少在资产负债表日存在减值迹象的情况下, 进行减值测试。使用寿命有限的无形资产, 按照其能够为企业带来经济利益的期限进行摊销, 不能可靠确定终了时将带来经济利益期限的, 按照不超过合同期限或法律规定有效期限进行摊销。无形资产的摊销金额按其受益对象计入当期损益。

对于使用寿命有限的无形资产, 在取得时按照成本进行初始计量, 并在其使用寿命内系统合理地摊销。使用寿命有限的无形资产的预计使用寿命及摊销方法如下表所示:

无形资产名称	使用寿命	摊销方法
专利权	10年	直线法
非专利技术	5-10年	直线法
软件著作权	5-10年	直线法
域名	10年	直线法
客户关系	5-10年	直线法
商标权	10年	直线法

使用寿命有限的无形资产的使用寿命及摊销方法的估计, 是根据无形资产的性质, 参考同行业的情况, 并结合预期为企业带来经济利益的期限确定的。企业至少应于每年年末对使用寿命有限的无形资产的使用寿命及摊销方法进行复核, 如使用寿命不再合理或摊销方法不再合理, 则按会计估计变更的有关规定进行处理。

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Unit: RMB million, except for CNY

## 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 4.4 Accounting treatment of business combination under the same control and non-same control (Continued)

#### 4.4.6 Purchased intangible assets (Continued)

##### (2) Intangible assets

###### 1) Goodwill

During the reporting period, the Group acquired certain intangible assets, including patents, trademarks, etc. The Group has identified these intangible assets as identifiable intangible assets. The Group has identified these intangible assets as identifiable intangible assets. The Group has identified these intangible assets as identifiable intangible assets.

When the Group acquires an intangible asset, it is recognized as an intangible asset. The Group has identified these intangible assets as identifiable intangible assets. The Group has identified these intangible assets as identifiable intangible assets. The Group has identified these intangible assets as identifiable intangible assets.

When the Group acquires an intangible asset, it is recognized as an intangible asset. The Group has identified these intangible assets as identifiable intangible assets. The Group has identified these intangible assets as identifiable intangible assets.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

人民币, 折合人民币, 折合人民币 CNY

### 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 4.4 Accounting treatment of business combination under the same control and non-same control (Continued)

##### 4.4.6 Purchased intangible assets (Continued)

##### (2) Intangible assets bought (Continued)

##### 2) Intangible assets bought

If the purchased intangible assets are identifiable, they should be recognized as intangible assets. The recognition criteria are: (1) the asset is identifiable; (2) the asset is separable; (3) the asset is expected to generate future economic benefits. The cost of the intangible asset should be measured at the fair value at the acquisition date. The fair value is the amount of cash or cash equivalents that the acquirer would have to pay to acquire the asset at the acquisition date.

The acquisition cost of the intangible asset should be measured at the fair value at the acquisition date. The fair value is the amount of cash or cash equivalents that the acquirer would have to pay to acquire the asset at the acquisition date.

The acquisition cost of the intangible asset should be measured at the fair value at the acquisition date. The fair value is the amount of cash or cash equivalents that the acquirer would have to pay to acquire the asset at the acquisition date.

The acquisition cost of the intangible asset should be measured at the fair value at the acquisition date. The fair value is the amount of cash or cash equivalents that the acquirer would have to pay to acquire the asset at the acquisition date.

The acquisition cost of the intangible asset should be measured at the fair value at the acquisition date. The fair value is the amount of cash or cash equivalents that the acquirer would have to pay to acquire the asset at the acquisition date.

When the purchased intangible assets are identifiable, they should be recognized as intangible assets. The recognition criteria are: (1) the asset is identifiable; (2) the asset is separable; (3) the asset is expected to generate future economic benefits. The cost of the intangible asset should be measured at the fair value at the acquisition date. The fair value is the amount of cash or cash equivalents that the acquirer would have to pay to acquire the asset at the acquisition date.

When the purchased intangible assets are identifiable, they should be recognized as intangible assets. The recognition criteria are: (1) the asset is identifiable; (2) the asset is separable; (3) the asset is expected to generate future economic benefits. The cost of the intangible asset should be measured at the fair value at the acquisition date. The fair value is the amount of cash or cash equivalents that the acquirer would have to pay to acquire the asset at the acquisition date.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Unit: million RMB, except for CNY

### 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 4.4 Accounting treatment of business combination under the same control and non-same control (Continued)

##### 4.4.6 Purchase of intangible assets (Continued)

##### (3) Patent, trademark, software

Intangible assets are measured at cost at the acquisition date. The cost includes the purchase price, related taxes, and other costs directly attributable to the acquisition of the intangible asset. Intangible assets are amortized over their useful lives. The useful life of an intangible asset is determined based on the expected economic benefits that the asset will generate. If the useful life is indefinite, the intangible asset is not amortized. The carrying amount of an intangible asset is reviewed for impairment at the end of each reporting period. If the carrying amount exceeds the recoverable amount, the carrying amount is reduced to the recoverable amount.

##### (4) Patented technology, software, trademark, etc.

Intangible assets are measured at cost at the acquisition date. The cost includes the purchase price, related taxes, and other costs directly attributable to the acquisition of the intangible asset. Intangible assets are amortized over their useful lives. The useful life of an intangible asset is determined based on the expected economic benefits that the asset will generate. If the useful life is indefinite, the intangible asset is not amortized. The carrying amount of an intangible asset is reviewed for impairment at the end of each reporting period. If the carrying amount exceeds the recoverable amount, the carrying amount is reduced to the recoverable amount.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Unit: million RMB Yuan, unless otherwise specified

### 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 4.5 Classification and accounting treatment of joint arrangements

##### 4.5.1 Classification of joint arrangements

Joint arrangements are classified as joint operations, joint ventures, or joint investments, depending on the nature of the arrangement and the degree of control exercised by the parties.

Joint operations are those joint arrangements in which the parties have the right to obtain substantially all the economic benefits and bear substantially all the risks and losses of the arrangement. Joint ventures are those joint arrangements in which the parties have joint control over the arrangement and are exposed to the risks and entitled to the benefits of the arrangement. Joint investments are those joint arrangements in which the parties have joint control over the arrangement and the arrangement is not a business.

(1) For joint operations, the parties recognize their share of the assets, liabilities, income, and expenses of the arrangement.

(2) For joint ventures, the parties recognize their share of the net assets, liabilities, income, and expenses of the arrangement.

(3) For joint investments, the parties recognize their share of the net assets, liabilities, income, and expenses of the arrangement. The parties also recognize their share of the income and expenses of the arrangement in their financial statements.

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Unit: RMB million, except for CNY

## 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 4.5 Classification and accounting treatment of joint arrangements (Continued)

#### 4.5.2 Accounting treatment of joint arrangements (Continued)

The Company, as a joint venturer, shall account for its investment in joint arrangements in accordance with the following principles:

- (1) Assets, liabilities and income, expenses shall be recognized and measured on an individual basis;
- (2) Labor costs, depreciation, amortization, etc. shall be recognized and measured on an individual basis;
- (3) Revenues from sales of goods, services, etc. shall be recognized;
- (4) Revenues from sales of goods, services, etc. shall be recognized on an individual basis; and
- (5) Shareholders' dividends shall be recognized on an individual basis.

If the Company, as a joint venturer, is a joint venture (i.e., the joint venture is a separate legal entity), the Company shall account for its investment in the joint venture as an available-for-sale financial asset, etc. If the Company, as a joint venturer, is a joint venture (i.e., the joint venture is not a separate legal entity), the Company shall account for its investment in the joint venture as an available-for-sale financial asset, etc. If the Company, as a joint venturer, is a joint venture (i.e., the joint venture is not a separate legal entity), the Company shall account for its investment in the joint venture as an available-for-sale financial asset, etc. If the Company, as a joint venturer, is a joint venture (i.e., the joint venture is not a separate legal entity), the Company shall account for its investment in the joint venture as an available-for-sale financial asset, etc.

The Company, as a joint venturer, shall account for its investment in joint arrangements in accordance with the following principles: (1) Assets, liabilities and income, expenses shall be recognized and measured on an individual basis; (2) Labor costs, depreciation, amortization, etc. shall be recognized and measured on an individual basis; (3) Revenues from sales of goods, services, etc. shall be recognized; (4) Revenues from sales of goods, services, etc. shall be recognized on an individual basis; and (5) Shareholders' dividends shall be recognized on an individual basis.

The Company, as a joint venturer, shall account for its investment in joint arrangements in accordance with the following principles: (1) Assets, liabilities and income, expenses shall be recognized and measured on an individual basis; (2) Labor costs, depreciation, amortization, etc. shall be recognized and measured on an individual basis; (3) Revenues from sales of goods, services, etc. shall be recognized; (4) Revenues from sales of goods, services, etc. shall be recognized on an individual basis; and (5) Shareholders' dividends shall be recognized on an individual basis.



## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

人民币, 折合人民币 CNY

### 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 4.6 Recognition of cash and cash equivalents

本公司将存放于银行或其他金融机构, 期限短, 流动性强, 易于转换为已知金额的现金, 且价值变动风险很小的金融资产, 作为现金。其他货币资金是指企业持有的外币资金, 包括外币存款、外币应收账款、外币预付款项等。

#### 4.7 Foreign currency transaction and translation of foreign currency statement

##### 4.7.1 Functional currency

本公司记账本位币为人民币, 编制财务报表时, 以人民币为记账本位币。

对于外币交易, 采用交易发生日的即期汇率折算为人民币。外币交易是指外币买入和卖出业务, 以及外币兑换业务。外币兑换业务是指将一种外币兑换成另一种外币的业务。外币兑换业务发生时, 按照交易发生日的即期汇率折算为人民币。外币兑换业务发生时, 按照交易发生日的即期汇率折算为人民币。

对于外币报表折算, 资产负债表中的资产和负债项目, 按照资产负债表日的即期汇率折算; 所有者权益项目, 按照交易发生日的即期汇率折算; 利润表中的收入和费用项目, 按照交易发生日的即期汇率折算; 现金流量表中的现金流量项目, 按照交易发生日的即期汇率折算。

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Unit: million RMB, except for CNY

### 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 4.7 Foreign currency transaction and translation of foreign currency items (Continued)

##### 4.7.2 Translation of foreign currency items

Assets and liabilities denominated in foreign currencies are translated into RMB at the closing rate of the reporting period. Income and expenses denominated in foreign currencies are translated into RMB at the average rate of the reporting period. The exchange rate of the RMB against the foreign currency is determined by the closing rate of the reporting period. The exchange rate of the RMB against the foreign currency is determined by the closing rate of the reporting period.

When the exchange rate of the RMB against the foreign currency fluctuates significantly, the average rate of the reporting period is not used to calculate the average rate of the reporting period. When the exchange rate of the RMB against the foreign currency fluctuates significantly, the average rate of the reporting period is not used to calculate the average rate of the reporting period.

#### 4.8 Financial instruments and financial liabilities

##### 4.8.1. Recognition and measurement of financial assets and financial liabilities

Financial assets and financial liabilities are recognized when the Group becomes a party to the financial instrument. The recognition and measurement of financial assets and financial liabilities are determined by the nature of the financial instrument. The recognition and measurement of financial assets and financial liabilities are determined by the nature of the financial instrument.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Unit: million RMB Yuan, unless otherwise specified. Currency: RMB Yuan

### 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 4.8 Financial instruments and financial liabilities (Continued)

##### 4.8.2 Cash and cash equivalents

###### (1) Cash

Cash refers to the amount of money held by the Company and its subsidiaries, which is readily convertible into cash and is subject to minimal risk of changes in value. Cash includes bank deposits, treasury bills, and other short-term investments with a maturity of less than three months. Cash equivalents are those investments that are highly liquid, have a short maturity, and are subject to minimal risk of changes in value. Cash and cash equivalents are measured at cost less impairment. Impairment is recognized when the carrying amount of cash and cash equivalents exceeds their fair value. Cash and cash equivalents are measured at cost less impairment. Impairment is recognized when the carrying amount of cash and cash equivalents exceeds their fair value.

###### 1) Financial assets

The Company's financial assets are classified into cash and cash equivalents, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, and financial assets at amortized cost. The Company's financial assets are classified into cash and cash equivalents, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, and financial assets at amortized cost. The Company's financial assets are classified into cash and cash equivalents, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, and financial assets at amortized cost.

###### 2) Financial liabilities

The Company's financial liabilities are classified into financial liabilities at fair value through profit or loss, financial liabilities at fair value through other comprehensive income, and financial liabilities at amortized cost. The Company's financial liabilities are classified into financial liabilities at fair value through profit or loss, financial liabilities at fair value through other comprehensive income, and financial liabilities at amortized cost. The Company's financial liabilities are classified into financial liabilities at fair value through profit or loss, financial liabilities at fair value through other comprehensive income, and financial liabilities at amortized cost.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Unit of measurement: RMB Yuan, unless otherwise specified. Currency: CNY

### 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 4.8 Financial instruments and financial liabilities (Continued)

##### 4.8.2 Cash and cash equivalents (Continued)

###### (1) Cash (Continued)

###### 3) Financial assets

Except for bank deposits, cash and cash equivalents are measured at cost. The cost of cash and cash equivalents is the fair value of the consideration given to acquire them. A cash and cash equivalents is a financial asset that is held in cash or readily convertible into cash, and its value is fixed and known. It is held for a short period of time and is subject to a low risk of changes in value.

The bank deposits are measured at cost. The cost of bank deposits is the fair value of the consideration given to acquire them. The bank deposits are held for a short period of time and are subject to a low risk of changes in value.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

人民币, 折合为人民币(CNY)

### 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 4.8 Financial instruments and financial liabilities (Continued)

##### 4.8.2. Classification of financial assets (Continued)

##### (2) Classification of financial assets

##### 1) Financial assets measured at amortized cost

At the reporting date, the company's financial assets measured at amortized cost include: (1) financial assets measured at amortized cost, which are held with the intention to hold them until maturity and whose cash flows are solely payments of principal and interest.

##### 2) Financial assets measured at fair value

At the reporting date, the company's financial assets measured at fair value include: (1) financial assets measured at fair value through profit or loss, which are held for trading and whose cash flows are not solely payments of principal and interest; (2) financial assets measured at fair value through other comprehensive income, which are held for long-term and whose cash flows are solely payments of principal and interest.

##### 3) Financial assets measured at fair value through profit or loss

At the reporting date, the company's financial assets measured at fair value through profit or loss include:

At the reporting date, the company's financial assets measured at fair value through profit or loss include: (1) financial assets measured at fair value through profit or loss, which are held for trading and whose cash flows are not solely payments of principal and interest; (2) financial assets measured at fair value through profit or loss, which are held for trading and whose cash flows are not solely payments of principal and interest.

At the reporting date, the company's financial assets measured at fair value through profit or loss include:

At the reporting date, the company's financial assets measured at fair value through profit or loss include: (1) financial assets measured at fair value through profit or loss, which are held for trading and whose cash flows are not solely payments of principal and interest; (2) financial assets measured at fair value through profit or loss, which are held for trading and whose cash flows are not solely payments of principal and interest.

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Unit: RMB million, except for CNY

## 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 4.8 Financial instruments and financial liabilities (Continued)

#### 4.8.3 Cash and cash equivalents

Cash and cash equivalents refer to the amount of cash and cash equivalents held by the Company, which can be used to settle the current liabilities.

##### (1) Cash and cash equivalents

The Company defines cash and cash equivalents as cash and cash equivalents (including cash and cash equivalents) and cash equivalents that are held by the Company and can be converted into cash within a short period of time, and their value is fixed and stable. Cash equivalents are cash and cash equivalents that are held by the Company and can be converted into cash within a short period of time, and their value is fixed and stable.

At the end of the reporting period, the Company's cash and cash equivalents are RMB 1,234,567,890.12.

At the end of the reporting period, the Company's cash and cash equivalents are RMB 1,234,567,890.12.

The Company's cash and cash equivalents are held in the form of bank deposits, and the Company's cash and cash equivalents are held in the form of bank deposits. The Company's cash and cash equivalents are held in the form of bank deposits, and the Company's cash and cash equivalents are held in the form of bank deposits.

At the end of the reporting period, the Company's cash and cash equivalents are RMB 1,234,567,890.12. The Company's cash and cash equivalents are held in the form of bank deposits, and the Company's cash and cash equivalents are held in the form of bank deposits. The Company's cash and cash equivalents are held in the form of bank deposits, and the Company's cash and cash equivalents are held in the form of bank deposits.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

人民币, 折合人民币 CNY

### 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 4.8 Financial instruments and financial liabilities (Continued)

##### 4.8.3. 可供出售金融资产 (Continued)

###### (2) 可供出售金融资产

可供出售金融资产是指初始确认时即被指定为可供出售的非衍生金融资产, 以及未被划分为其他类别的金融资产。可供出售金融资产按公允价值进行后续计量, 公允价值变动计入其他综合收益。可供出售金融资产发生减值时, 按原账面价值与公允价值孰低的原则确定减值损失, 计入当期损益。可供出售金融资产公允价值回升时, 原确认的减值损失予以转回, 计入当期损益。可供出售金融资产处置时, 将取得的价款与该金融资产账面价值之间的差额, 计入当期损益。可供出售金融资产持有期间取得的利息或股利收入, 计入当期损益。

###### (3) 可供出售金融负债

可供出售金融负债是指初始确认时即被指定为可供出售的非衍生金融负债, 以及未被划分为其他类别的金融负债。可供出售金融负债按公允价值进行后续计量, 公允价值变动计入其他综合收益。可供出售金融负债发生减值时, 按原账面价值与公允价值孰低的原则确定减值损失, 计入当期损益。可供出售金融负债公允价值回升时, 原确认的减值损失予以转回, 计入当期损益。可供出售金融负债处置时, 将取得的价款与该金融负债账面价值之间的差额, 计入当期损益。可供出售金融负债持有期间取得的利息或股利收入, 计入当期损益。

##### 4.8.4. 可供出售金融资产和可供出售金融负债

可供出售金融资产和可供出售金融负债的公允价值, 是指按公允价值计量的金融资产和金融负债的公允价值。可供出售金融资产和可供出售金融负债的公允价值, 是指按公允价值计量的金融资产和金融负债的公允价值。

(1) 可供出售金融资产和可供出售金融负债的公允价值, 是指按公允价值计量的金融资产和金融负债的公允价值。

(2) 可供出售金融资产和可供出售金融负债的公允价值, 是指按公允价值计量的金融资产和金融负债的公允价值。

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

1 add 0 eca e, 0 f a f CNY

### 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 4.8 Financial instruments and financial liabilities (Continued)

##### 4.8.5. Deed f f a c a a e a d f a c a a b e

W 0 e f 0 f c d a fed, 0 G f e ae 0 ec f 0 f a c a a e:

- (1) Te a f 0 c ac f a n ece 0 ca f f 0 f a c a a e;
- (2) 0 f a c a a e a 0 bee a fe ed, a d 0 G f a a fe ed f b a a, a f 0 a d e a d f 0 e n f 0 f a c a a e 0 a fee;
- (3) T 0 f a c a a e a bee a fe ed, a d a n 0 0 G f a e 0 a fe ed e a ed f b a a, a f 0 a d e a d 0 e n f 0 f a c a a e, a e a ed c f 0 f a c a a e.

If 0 a fe f f a c a a e a a n e a fe 0 c d f deec, 0 G f a c f de 0 d f e e ce be ee 0 f a f f 0 c f e e d:

- (1) 0 ca, a f f 0 a fe ed f a c a a e 0 d a e f deec;
- (2) T 0 f f 0 c de a ece 0 d f 0 a fe f f a c a a e a d 0 a f c e d 0 deec f 0 c f a 0 e a f f a a f e c a e a, d ec, c f d e d 0 c e 0 0 c e ( 0 f a c a a e 0 d 0 a fe a e deb 0 e e a f e d a fa a f e n 0 0 c e 0 0 c e). If 0 c f e b a f a f a c a a b, ( a 0 e f) a bee d c a ed, 0 G f a de-ec e 0 f a c a a b, ( a 0 e f).



## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

人民币, 折合人民币 CNY

### 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 4.8 Financial instruments and financial liabilities (Continued)

##### 4.8.6.1 公允价值

Based on the accounting policy, the Group's financial assets and liabilities are measured at fair value. The fair value of financial assets and liabilities is determined based on the following methods:

The Group's financial assets and liabilities are measured at fair value based on the following methods: (1) Measurement of financial assets and liabilities that are not quoted in an active market and whose fair value cannot be determined by reference to market prices.

##### (1) Measurement of financial assets and liabilities

The Group's financial assets and liabilities are measured at fair value based on the following methods: (1) Measurement of financial assets and liabilities that are not quoted in an active market and whose fair value cannot be determined by reference to market prices.

The Group's financial assets and liabilities are measured at fair value based on the following methods: (1) Measurement of financial assets and liabilities that are not quoted in an active market and whose fair value cannot be determined by reference to market prices.

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The Group's financial assets and liabilities are measured at fair value based on the following methods: (1) Measurement of financial assets and liabilities that are not quoted in an active market and whose fair value cannot be determined by reference to market prices.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 4.8 Financial instruments and financial liabilities (Continued)

##### 4.8.6.1 Impairment allowance (Continued)

###### (1) Measurement of expected credit loss (Continued)

For receivables, the Group has adopted a simplified approach to measure the expected credit loss. The Group's ECL for the above-mentioned receivables are calculated on a basis of historical credit loss experience.



## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Unit: million RMB, except for CNY

### 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 4.8 Financial instruments and financial liabilities (Continued)

##### 4.8.6.1 Trade receivables (Continued)

##### (1) Measurement of expected credit loss

##### 3) Financial assets measured at amortized cost

At the end of the reporting period, the Group has measured trade receivables at amortized cost. The Group has established a provision matrix to assess the expected credit loss. The provision matrix is based on the past due status of the receivables and the credit risk of the counterparties. The Group has established a provision matrix to assess the expected credit loss. The Group has established a provision matrix to assess the expected credit loss.

The Group has established a provision matrix to assess the expected credit loss.

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The Group has established a provision matrix to assess the expected credit loss.

## 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 4.8 Financial Instruments and Financial Liabilities (Continued)

#### 4.8.6.1 Trade Receivables (Continued)

(1) Measurement (Continued)

4) Peer assessment of the credit risk of trade receivables

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Unit: RMB million, except for CNY

## 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 4.8 Financial instruments and financial liabilities (Continued)

#### 4.8.7.D Classification of financial assets and financial liabilities

The classification of financial assets and financial liabilities is determined by the contractual cash flows. (1) Financial assets are classified as debt investments, equity investments, and other financial assets. Debt investments are those financial assets that have fixed or determinable payments and a fixed or determinable maturity date. Equity investments are those financial assets that are not classified as debt investments. Other financial assets are those financial assets that do not meet the criteria for debt investments or equity investments. (2) Financial liabilities are classified as financial liabilities with fixed or determinable payments and financial liabilities with fixed or determinable payments. Financial liabilities with fixed or determinable payments are those financial liabilities that have fixed or determinable payments and a fixed or determinable maturity date. Financial liabilities with fixed or determinable payments are those financial liabilities that do not meet the criteria for financial liabilities with fixed or determinable payments.

Financial assets are classified as debt investments, equity investments, and other financial assets. Debt investments are those financial assets that have fixed or determinable payments and a fixed or determinable maturity date. Equity investments are those financial assets that are not classified as debt investments. Other financial assets are those financial assets that do not meet the criteria for debt investments or equity investments.

Financial liabilities are classified as financial liabilities with fixed or determinable payments and financial liabilities with fixed or determinable payments. Financial liabilities with fixed or determinable payments are those financial liabilities that have fixed or determinable payments and a fixed or determinable maturity date. Financial liabilities with fixed or determinable payments are those financial liabilities that do not meet the criteria for financial liabilities with fixed or determinable payments.

Financial assets are classified as debt investments, equity investments, and other financial assets. Debt investments are those financial assets that have fixed or determinable payments and a fixed or determinable maturity date. Equity investments are those financial assets that are not classified as debt investments. Other financial assets are those financial assets that do not meet the criteria for debt investments or equity investments.



## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

All amounts are expressed in RMB Yuan, unless otherwise stated. CNY

### 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 4.9 Accounts receivable (Continued)

##### (2) Impairment

The Company's impairment policy is based on the expected credit loss model. The Company's impairment policy is based on the expected credit loss model. The Company's impairment policy is based on the expected credit loss model.

The Company's impairment policy is based on the expected credit loss model. The Company's impairment policy is based on the expected credit loss model. The Company's impairment policy is based on the expected credit loss model.

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The Company's impairment policy is based on the expected credit loss model. The Company's impairment policy is based on the expected credit loss model. The Company's impairment policy is based on the expected credit loss model.

Aging	Proportion of provision (%)
Within 1, ea	0-5
1-2, ea	5-25
2-3, ea	50
3-4, ea	80
4-5, ea	80
Over 5, ea	100



## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

人民币, 折合人民币 CNY

### 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 4.10 In en o je

##### 4.10.1 Ca fca f e e

本公司在编制财务报表时, 采用公允价值计量属性, 公允价值是指市场参与者在计量日发生的有序交易中, 出售一项资产所能收到的价格, 公允价值计量属性, 是指以公允价值计量资产或负债, 按照公允价值进行后续计量的属性。

##### 4.10.2 Va fa e nd f e ,

本公司在编制财务报表时, 采用公允价值计量属性, 公允价值是指市场参与者在计量日发生的有序交易中, 出售一项资产所能收到的价格, 公允价值计量属性, 是指以公允价值计量资产或负债, 按照公允价值进行后续计量的属性。

(1) 公允价值, 是指市场参与者在计量日发生的有序交易中, 出售一项资产所能收到的价格。

(2) 公允价值, 是指市场参与者在计量日发生的有序交易中, 出售一项资产所能收到的价格, 公允价值计量属性, 是指以公允价值计量资产或负债, 按照公允价值进行后续计量的属性。

##### 4.10.3 I e , e

公允价值, 是指市场参与者在计量日发生的有序交易中, 出售一项资产所能收到的价格。

##### 4.10.4 A a e nd f -a f e c f a b e a d a c a

(1) 公允价值, 是指市场参与者在计量日发生的有序交易中, 出售一项资产所能收到的价格。

(2) 公允价值, 是指市场参与者在计量日发生的有序交易中, 出售一项资产所能收到的价格。

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Unit: RMB million, except for CNY

## 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 4.10 Intangible Assets (Continued)

4.10.5. *Intangible Assets* Intangible assets are those assets that are identifiable and non-monetary, and do not have physical substance.

Intangible assets are those assets that are identifiable and non-monetary, and do not have physical substance. Intangible assets are recognized when they are identifiable and controlled by the entity, and their cost can be reliably measured. Intangible assets are measured at cost less accumulated amortization and impairment losses. Intangible assets with finite useful lives are amortized over their useful lives, and intangible assets with indefinite useful lives are not amortized. Intangible assets are tested for impairment when there is an indication that the carrying amount of the intangible asset may not be recoverable.

Intangible assets are those assets that are identifiable and non-monetary, and do not have physical substance. Intangible assets are recognized when they are identifiable and controlled by the entity, and their cost can be reliably measured. Intangible assets are measured at cost less accumulated amortization and impairment losses. Intangible assets with finite useful lives are amortized over their useful lives, and intangible assets with indefinite useful lives are not amortized. Intangible assets are tested for impairment when there is an indication that the carrying amount of the intangible asset may not be recoverable.

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### 4.11 Contract Assets

Contract assets are those assets that are identifiable and non-monetary, and do not have physical substance. Contract assets are recognized when they are identifiable and controlled by the entity, and their cost can be reliably measured. Contract assets are measured at cost less accumulated impairment losses. Contract assets with finite useful lives are amortized over their useful lives, and contract assets with indefinite useful lives are not amortized. Contract assets are tested for impairment when there is an indication that the carrying amount of the contract asset may not be recoverable.

Contract assets are those assets that are identifiable and non-monetary, and do not have physical substance. Contract assets are recognized when they are identifiable and controlled by the entity, and their cost can be reliably measured. Contract assets are measured at cost less accumulated impairment losses. Contract assets with finite useful lives are amortized over their useful lives, and contract assets with indefinite useful lives are not amortized. Contract assets are tested for impairment when there is an indication that the carrying amount of the contract asset may not be recoverable.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Unit: million RMB Yuan

### 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 4.12 Long-term investments

##### 4.12.1 Recognition

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Unit: RMB million, except for CNY

## 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 4.12 Long-term investments (Continued)

#### 4.12.2 Subsidiary equity method

(1) Long-term investments in subsidiaries

Long-term investments in subsidiaries are accounted for using the equity method. The investment cost is the fair value of the investment property at the acquisition date.

When the investee reports a profit or loss, the investor's share of the profit or loss is recognized in the investor's profit or loss. Dividends received from the investee are recognized as income in the investor's profit or loss. The carrying amount of the investment is adjusted for the investor's share of the profit or loss and dividends received.

(2) Long-term investments in associates

Long-term investments in associates are accounted for using the equity method. The investment cost is the fair value of the investment property at the acquisition date. When the investee reports a profit or loss, the investor's share of the profit or loss is recognized in the investor's profit or loss. Dividends received from the investee are recognized as income in the investor's profit or loss. The carrying amount of the investment is adjusted for the investor's share of the profit or loss and dividends received.

When the investee reports a profit or loss, the investor's share of the profit or loss is recognized in the investor's profit or loss. Dividends received from the investee are recognized as income in the investor's profit or loss. The carrying amount of the investment is adjusted for the investor's share of the profit or loss and dividends received.

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# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

人民币 折合为美元，以人民币为基准。

## 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 4.12 Long-term investments (Continued)

4.12.2 可供出售金融资产 (Continued)

(2) 可供出售金融资产 (Continued)

可供出售金融资产是指初始确认时即被指定为可供出售的非衍生金融资产，以及没有划分为以公允价值计量且其变动计入当期损益的金融资产、以摊余成本计量的金融资产和以公允价值计量且其变动计入其他综合收益的金融资产。可供出售金融资产按公允价值进行后续计量，公允价值变动形成的利得或损失计入其他综合收益。可供出售金融资产发生减值时，原直接计入其他综合收益的公允价值变动累计损失一并转出，计入当期损益。可供出售金融资产公允价值回升时，原直接计入其他综合收益的公允价值变动累计利得一并转出，计入当期损益。

可供出售金融资产公允价值发生非暂时性下跌时，公司将该金融资产重分类为以公允价值计量且其变动计入当期损益的金融资产。可供出售金融资产公允价值发生非暂时性下跌是指公允价值发生持续且严重的下跌，或者公允价值低于成本持续且严重的下跌。可供出售金融资产公允价值发生非暂时性下跌时，公司将该金融资产重分类为以公允价值计量且其变动计入当期损益的金融资产。可供出售金融资产公允价值发生非暂时性下跌时，公司将该金融资产重分类为以公允价值计量且其变动计入当期损益的金融资产。

可供出售金融资产公允价值发生非暂时性下跌时，公司将该金融资产重分类为以公允价值计量且其变动计入当期损益的金融资产。可供出售金融资产公允价值发生非暂时性下跌是指公允价值发生持续且严重的下跌，或者公允价值低于成本持续且严重的下跌。可供出售金融资产公允价值发生非暂时性下跌时，公司将该金融资产重分类为以公允价值计量且其变动计入当期损益的金融资产。可供出售金融资产公允价值发生非暂时性下跌时，公司将该金融资产重分类为以公允价值计量且其变动计入当期损益的金融资产。

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Unit: million RMB, except for CNY

## 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 4.12 Long-term investments (Continued)

#### 4.12.3 Deemed to be controlled, controlled, and financial asset held for sale

If the Company, as the investor, holds the shares of the investee, and the investee is a subsidiary of the Company, the Company shall use the equity method to account for the investment. If the Company holds the shares of the investee, and the investee is a subsidiary of the Company, the Company shall use the equity method to account for the investment.

If the Company, as the investor, holds the shares of the investee, and the investee is a subsidiary of the Company, the Company shall use the equity method to account for the investment. If the Company holds the shares of the investee, and the investee is a subsidiary of the Company, the Company shall use the equity method to account for the investment.

If the Company holds the shares of the investee, and the investee is a subsidiary of the Company, the Company shall use the equity method to account for the investment. If the Company holds the shares of the investee, and the investee is a subsidiary of the Company, the Company shall use the equity method to account for the investment.

Significant financial asset held for sale is defined as a financial asset that is held for sale in the current period, and the Company has the intention and ability to sell the asset in the current period. The Company shall use the cost method to account for the financial asset held for sale. The Company shall use the cost method to account for the financial asset held for sale. The Company shall use the cost method to account for the financial asset held for sale.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Unit: million RMB Yuan

### 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 4.12 Long-term investments (Continued)

4.12.4 Cost method

(1) Fair value measurement

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Unit: RMB million, except for CNY

## 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 4.12 Long-term investments (Continued)

#### 4.12.4 Cost method

(2) *For investments in equity instruments that are not accounted for as financial assets at fair value through profit or loss*

If the investee is a company, the investor shall determine whether it has significant influence over the investee. Significant influence refers to the investor's ability to participate in the financial and operating policy decisions of the investee, but not to control or joint control. Significant influence is usually indicated by the investor holding 10% or more of the equity of the investee. Significant influence is also indicated by the investor serving on the board of directors of the investee, participating in the investee's financial and operating policy decisions, exchanging management personnel, providing essential services, or having a significant transaction with the investee.

Other than the cost method, the investor shall determine whether it has significant influence over the investee. Significant influence is usually indicated by the investor holding 10% or more of the equity of the investee. Significant influence is also indicated by the investor serving on the board of directors of the investee, participating in the investee's financial and operating policy decisions, exchanging management personnel, providing essential services, or having a significant transaction with the investee.

If the investor has significant influence over the investee, the investment shall be accounted for using the equity method. The investor shall recognize its share of the net profit or loss of the investee in its profit or loss and adjust the carrying amount of the investment accordingly. The investor shall also recognize its share of the other comprehensive income of the investee in its other comprehensive income and adjust the carrying amount of the investment accordingly. The investor shall also recognize its share of the dividends of the investee in its profit or loss and reduce the carrying amount of the investment accordingly.

(3) *For investments in equity instruments that are not accounted for as financial assets at fair value through profit or loss*

If the investor has significant influence over the investee, the investment shall be accounted for using the equity method. The investor shall recognize its share of the net profit or loss of the investee in its profit or loss and adjust the carrying amount of the investment accordingly. The investor shall also recognize its share of the other comprehensive income of the investee in its other comprehensive income and adjust the carrying amount of the investment accordingly. The investor shall also recognize its share of the dividends of the investee in its profit or loss and reduce the carrying amount of the investment accordingly.

Other than the cost method, the investor shall determine whether it has significant influence over the investee. Significant influence is usually indicated by the investor holding 10% or more of the equity of the investee. Significant influence is also indicated by the investor serving on the board of directors of the investee, participating in the investee's financial and operating policy decisions, exchanging management personnel, providing essential services, or having a significant transaction with the investee.



## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Unit: RMB million, unless otherwise specified. Currency: CNY

### 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 4.12 Long-term investments (Continued)

##### 4.12.4 Cost method (Continued)

###### (4) Cost method

If the investee is a subsidiary, the investment is measured at cost. If the investee is not a subsidiary, the investment is measured at cost plus or minus the difference between the cost and the fair value of the investment at the time of acquisition. The investment is measured at cost plus or minus the difference between the cost and the fair value of the investment at the time of acquisition.

###### (5) Cost method

If the investee is a subsidiary, the investment is measured at cost. If the investee is not a subsidiary, the investment is measured at cost plus or minus the difference between the cost and the fair value of the investment at the time of acquisition. The investment is measured at cost plus or minus the difference between the cost and the fair value of the investment at the time of acquisition.

##### 4.12.5 Dividends

Dividends received from subsidiaries are recognized as income when received. Dividends received from other investees are recognized as income when received.

Dividends received from subsidiaries are recognized as income when received. Dividends received from other investees are recognized as income when received.

The company's policy is to recognize dividends when received. The company's policy is to recognize dividends when received.

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The company's policy is to recognize dividends when received. The company's policy is to recognize dividends when received.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Unit: RMB million, except for CNY

### 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 4.12 Long-term investments (Continued)

##### 4.12.5 Dividends received (Continued)

The accounting policy is as follows:

When the investee declares dividends, the investor shall recognize the dividend as income when it is received.

If the investee is a subsidiary, the dividend received shall be recognized as income when it is received. If the investee is an associate or joint venture, the dividend received shall be recognized as income when it is received.

(1) For dividends received from subsidiaries, the difference between the amount received and the amount of dividends recognized in the previous period shall be recognized as income when it is received. If the investee is a subsidiary, the dividend received shall be recognized as income when it is received. If the investee is an associate or joint venture, the dividend received shall be recognized as income when it is received.

(2) For dividends received from associates or joint ventures, the difference between the amount received and the amount of dividends recognized in the previous period shall be recognized as income when it is received. If the investee is an associate or joint venture, the dividend received shall be recognized as income when it is received.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Expressed in Renminbi Yuan, unless otherwise stated. All amounts are in Chinese Yuan (CNY).

### 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 4.12 Long-term investments (Continued)

##### 4.12.5 Dividends received from associates (Continued)

If a shareholder receives dividends from an associate, the dividends received from the associate are recorded as income from investments in associates. If the dividends received from an associate are used to pay off the associate's debt to the shareholder, the dividends received are recorded as income from investments in associates.

(1) If the dividends received from an associate are used to pay off the associate's debt to the shareholder, the dividends received are recorded as income from investments in associates.

(2) If the dividends received from an associate are used to pay off the associate's debt to the shareholder, the dividends received are recorded as income from investments in associates.

##### 4.12.6 Impairment of investments in associates

On the balance sheet date, the company shall assess whether there is any impairment of investments in associates. If there is any impairment, the company shall recognize an impairment loss. The impairment loss is calculated as the difference between the carrying amount of the investment and its fair value less costs of disposal. The impairment loss is recorded in the profit and loss account. If the fair value of the investment increases in the subsequent period, the impairment loss shall be reversed, but the carrying amount of the investment shall not exceed its cost.

On the balance sheet date, the company shall assess whether there is any impairment of investments in associates.



## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Unit: RMB million, unless otherwise specified. Currency: CNY

### 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 4.14 Financial instruments

##### 4.14.1 Recognition and measurement

Financial instruments are recognized when the company has entered into a contract that creates a financial asset or liability. The measurement of financial instruments is based on the fair value at the time of recognition. The fair value of financial instruments is determined based on the following methods:

- (1) For financial instruments that are traded in an active market, the fair value is determined based on the quoted market price.
- (2) For financial instruments that are not traded in an active market, the fair value is determined based on the valuation techniques.

##### 4.14.2 Impairment and derecognition

The impairment and derecognition of financial instruments are determined based on the following methods:

- (1) The impairment of financial instruments is determined based on the expected credit loss model. The expected credit loss is the difference between the carrying amount and the present value of the expected cash flows. The impairment loss is recognized in the profit and loss account.
- (2) The derecognition of financial instruments is determined based on the following conditions: (a) the company has transferred all the contractual rights and obligations; (b) the company has transferred the control of the financial instrument; (c) the company has transferred the ownership of the financial instrument.
- (3) The derecognition of financial instruments is determined based on the following conditions: (a) the company has transferred all the contractual rights and obligations; (b) the company has transferred the control of the financial instrument; (c) the company has transferred the ownership of the financial instrument.
- (4) If the fair value of the financial instrument is less than the carrying amount, the impairment loss is recognized in the profit and loss account. The impairment loss is determined based on the difference between the carrying amount and the fair value. The impairment loss is recognized in the profit and loss account.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Unit: million RMB, except for CNY

### 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 4.14 Fixed assets (Continued)

##### 4.14.3 Subsequent expenditure added to fixed assets

###### (1) Depreciated fixed assets

Except for fixed assets that are being repaired, depreciated assets are being repaired, and the original value is restored, the depreciation of fixed assets should be accrued based on the original value and the depreciation basis, and the depreciation should be deducted from the original value of the fixed assets.

For fixed assets that are being repaired, the depreciation should be accrued from the start of the repair, and the depreciation should be deducted from the original value of the fixed assets.

According to the actual usage of fixed assets, the Company determines the depreciation method, the depreciation rate, and the depreciation period. The depreciation method, the depreciation rate, and the depreciation period are determined based on the actual usage of the fixed assets.

Depreciation of fixed assets is calculated as follows:

Type	Depreciation method	Depreciation life (years)	Residual value (%)
Household appliances	15 - 30	3	3.23-6.47
Machine tools	7 - 15	3	6.47-13.86
Transportation equipment	5 - 6	3	16.17-19.40
Electronic equipment	5 - 10	3	9.70 - 19.40
Office equipment	5 - 9	3	10.78-19.40
Other equipment	5 - 9	3	10.78-19.40

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

人民币, 折合人民币 CNY

### 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 4.14 金融资产 (Continued)

##### 4.14.3 可供出售金融资产 (Continued)

###### (2) 可供出售权益工具投资

可供出售权益工具投资在资产负债表日按公允价值计量, 公允价值变动计入其他综合收益; 处置时, 公允价值与账面价值的差额计入当期损益, 同时将原计入其他综合收益的公允价值变动累计额转入当期损益。

###### (3) 可供出售债务工具投资

可供出售债务工具投资在资产负债表日按公允价值计量, 公允价值变动计入其他综合收益; 处置时, 公允价值与账面价值的差额计入当期损益, 同时将原计入其他综合收益的公允价值变动累计额转入当期损益。

##### 4.14.4 长期股权投资 (Continued)

长期股权投资在资产负债表日按成本法或权益法计量, 公允价值变动计入其他综合收益。

长期股权投资在资产负债表日按成本法或权益法计量, 公允价值变动计入其他综合收益。

长期股权投资在资产负债表日按成本法或权益法计量, 公允价值变动计入其他综合收益。

长期股权投资在资产负债表日按成本法或权益法计量, 公允价值变动计入其他综合收益。

长期股权投资在资产负债表日按成本法或权益法计量, 公允价值变动计入其他综合收益。

长期股权投资在资产负债表日按成本法或权益法计量, 公允价值变动计入其他综合收益。

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Unit: RMB million, except for CNY

### 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 4.15 Consolidation in progress

##### 4.15.1 Case of full control

When the reporting entity has full control over the investee, it shall be consolidated. The reporting entity shall include all assets, liabilities, income and expenses of the investee in its consolidated financial statements. The reporting entity shall also include the reporting entity's share of the investee's income and expenses in its consolidated financial statements. The reporting entity shall also include the reporting entity's share of the investee's income and expenses in its consolidated financial statements.

##### 4.15.2 Significant influence

When the reporting entity has significant influence over the investee, it shall be accounted for using the equity method. The reporting entity shall include its share of the investee's income and expenses in its consolidated financial statements. The reporting entity shall also include the reporting entity's share of the investee's income and expenses in its consolidated financial statements. The reporting entity shall also include the reporting entity's share of the investee's income and expenses in its consolidated financial statements.

##### 4.15.3 Jointly controlled entities

When the reporting entity has joint control over the investee, it shall be accounted for using the equity method. The reporting entity shall include its share of the investee's income and expenses in its consolidated financial statements. The reporting entity shall also include the reporting entity's share of the investee's income and expenses in its consolidated financial statements.

If the reporting entity has joint control over the investee, it shall be accounted for using the equity method. The reporting entity shall include its share of the investee's income and expenses in its consolidated financial statements. The reporting entity shall also include the reporting entity's share of the investee's income and expenses in its consolidated financial statements. The reporting entity shall also include the reporting entity's share of the investee's income and expenses in its consolidated financial statements.



## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

人民币, 折合人民币 CNY

### 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 4.15 合并现金流量表 (Continued)

##### 4.15.3 现金流量表补充资料 (Continued)

当发生外币现金流量及外币现金流量折算汇率变动时, 按照发生外币现金流量及外币现金流量折算汇率变动的影响, 在现金流量表中予以反映, 并作为外币现金流量及外币现金流量折算汇率变动的调节项目, 在现金流量表补充资料中予以披露。

#### 4.16 重要会计政策

##### 4.16.1 应收账款

本公司根据应收账款的账龄, 按不同的比例计提坏账准备, 具体如下:

本公司根据应收账款的账龄, 按不同的比例计提坏账准备, 具体如下:

本公司根据应收账款的账龄, 按不同的比例计提坏账准备, 具体如下:

本公司根据应收账款的账龄, 按不同的比例计提坏账准备, 具体如下:

(1) 按账龄计提坏账准备: 1年以内, 按5%计提; 1-2年, 按10%计提; 2-3年, 按20%计提; 3年以上, 按50%计提。

(2) 按账龄计提坏账准备: 1年以内, 按5%计提; 1-2年, 按10%计提; 2-3年, 按20%计提; 3年以上, 按50%计提。

(3) 按账龄计提坏账准备: 1年以内, 按5%计提; 1-2年, 按10%计提; 2-3年, 按20%计提; 3年以上, 按50%计提。



## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

人民币, 折合人民币 CNY

### 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 4.16 Borrowing costs (Continued)

4.16.4 专门借款费用在资本化期间内按照实际发生的费用乘以专门借款资本化率计算确定。

专门借款费用在资本化期间内按照实际发生的费用乘以专门借款资本化率计算确定。如果专门借款存在闲置资金，应当扣除闲置资金收益。

专门借款费用在资本化期间内按照实际发生的费用乘以专门借款资本化率计算确定。如果专门借款存在闲置资金，应当扣除闲置资金收益。如果专门借款的发行费用在发生时计入当期损益。

如果专门借款的发行费用在发生时计入当期损益，应当扣除闲置资金收益。如果专门借款的发行费用在发生时计入当期损益，应当扣除闲置资金收益。

#### 4.17 Right of use assets

On the balance sheet, the right of use assets are measured at the following amounts:

- 1) The right of use assets are measured at the following amounts;
- 2) The right of use assets are measured at the following amounts: the right of use assets are measured at the following amounts;
- 3) The right of use assets are measured at the following amounts;
- 4) The right of use assets are measured at the following amounts: the right of use assets are measured at the following amounts.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Unit: RMB million, except for the amount in US dollars

### 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 4.17 Right of use assets (Continued)

At the end of the reporting period, the carrying amount of right of use assets is RMB 1,145,100,000.

The right of use assets are measured at the cost of the lease liability, plus any lease payments made at or before the commencement date of the lease, less any incentives received. If the lease term is less than 12 months, the right of use asset is measured at the cost of the lease liability. The right of use asset is measured at the cost of the lease liability, plus any lease payments made at or before the commencement date of the lease, less any incentives received. The right of use asset is measured at the cost of the lease liability, plus any lease payments made at or before the commencement date of the lease, less any incentives received.

#### 4.18 Intangible assets

The intangible assets are measured at cost less accumulated amortization and impairment losses.

##### 4.18.1 Intangible assets from business combinations

The intangible assets from business combinations are measured at fair value at the acquisition date. The fair value is measured based on the expected future cash flows that the intangible assets will generate. The fair value is measured based on the expected future cash flows that the intangible assets will generate.

The intangible assets from business combinations are measured at fair value at the acquisition date. The fair value is measured based on the expected future cash flows that the intangible assets will generate. The fair value is measured based on the expected future cash flows that the intangible assets will generate.

The intangible assets from business combinations are measured at fair value at the acquisition date. The fair value is measured based on the expected future cash flows that the intangible assets will generate. The fair value is measured based on the expected future cash flows that the intangible assets will generate.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 4.18 In angible a    e (Con in ed)

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## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Unit: million RMB, except for CNY

### 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 4.18 Intangible assets (Continued)

##### 4.18.3 Patents and other intangible assets (Continued)

Patent assets are defined as the right to use an intangible asset that is identifiable and can be separated from the entity.

Patent assets are recorded at the cost of acquisition. If there is a change in the scope of the patent asset, the cost of the patent asset should be adjusted. If the patent asset is sold or otherwise disposed of, the carrying amount of the patent asset should be recognized as income or expense.

Patent assets are amortized over their useful lives. The useful life of a patent asset is determined based on the expected economic benefits that the patent asset will generate.

When the carrying amount of a patent asset exceeds its recoverable amount, the carrying amount of the patent asset should be reduced to its recoverable amount. The recoverable amount is the maximum of the fair value less costs of disposal and the value in use.

When the carrying amount of a patent asset is less than its recoverable amount, the carrying amount of the patent asset should be increased to its recoverable amount. The recoverable amount is the maximum of the fair value less costs of disposal and the value in use.

Once the carrying amount of a patent asset is less than its recoverable amount, the carrying amount of the patent asset should be increased to its recoverable amount.

##### 4.18.4 Software development costs (Continued)

Relevant criteria: The software development costs should be capitalized when the software development project is technically feasible and the company has the intention and ability to complete the software development project.

Development costs: The software development costs should be capitalized when the software development project is technically feasible and the company has the intention and ability to complete the software development project.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

人民币, 折合为人民币 CNY

### 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 4.18 Intangible assets (Continued)

##### 4.18.5 Separated intangible assets

Identifiable intangible assets are those that are identifiable and can be separated from the acquired entity, including:

- (1) Patents, trademarks, and other intangible assets;
- (2) Software and other intangible assets;
- (3) Customer lists, customer relationships, and other intangible assets that are identifiable and can be separated from the acquired entity;
- (4) Other intangible assets that are identifiable and can be separated from the acquired entity;
- (5) Other intangible assets that are identifiable and can be separated from the acquired entity.

Identifiable intangible assets are those that are identifiable and can be separated from the acquired entity. They are recorded at cost and amortized over their useful lives. The cost of an intangible asset is the fair value of the consideration given to acquire the asset, net of any discounts or other benefits received.

#### 4.19 Long-term deferred expenses

Long-term deferred expenses are those expenses that are incurred but not yet recognized in the financial statements. They are recorded as long-term deferred expenses and amortized over their useful lives.

Long-term deferred expenses are those expenses that are incurred but not yet recognized in the financial statements. They are recorded as long-term deferred expenses and amortized over their useful lives.

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Unit: million RMB, except for RMB

## 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 4.20 Contract liabilities

Contract liabilities are recognized when the company has received the consideration from the customer before the performance obligation is satisfied.

### 4.21 Employee compensation

Employee compensation includes wages, salaries, bonuses, allowances, and other benefits payable to employees. Employee compensation is recognized as an expense when the employee has rendered services to the company.

#### 4.21.1 Short-term employee benefits

Short-term employee benefits are those benefits that are expected to be paid to employees within 12 months after the reporting period. Short-term employee benefits include wages, salaries, bonuses, allowances, and other benefits payable to employees. Short-term employee benefits are recognized as an expense when the employee has rendered services to the company.

#### 4.21.2 Long-term employee benefits

Long-term employee benefits are those benefits that are expected to be paid to employees more than 12 months after the reporting period. Long-term employee benefits include pension benefits, long-term incentive plans, and other benefits payable to employees. Long-term employee benefits are recognized as an expense when the employee has rendered services to the company.

The company's long-term employee benefits are primarily pension benefits. Pension benefits are recognized as an expense when the employee has rendered services to the company.

The company's long-term employee benefits are primarily pension benefits. Pension benefits are recognized as an expense when the employee has rendered services to the company. The company's long-term employee benefits are primarily pension benefits. Pension benefits are recognized as an expense when the employee has rendered services to the company.



## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Address: Harbin Electric Company Limited, Harbin, China

### 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Unit: RMB million, except for CNY

## 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 4.21 Employee compensation (Continued)

#### 4.21.4 Short-term employee benefits

Short-term employee benefits refer to the benefits that the Company will pay to employees within one year, including wages, salaries, bonuses, short-term employee bonus, and vacation pay.

For short-term employee benefits, the Company recognizes the liability for employee benefits at the end of each reporting period based on the amount of employee benefits payable to employees. The Company recognizes the expense for employee benefits in the period when the employee provides services to the Company, and the amount is determined based on the actual amount of employee benefits payable.

### 4.22 Lease liabilities

The Company has entered into lease contracts with various lessors. The Company recognizes lease liabilities at the end of each reporting period based on the present value of the lease payments. The Company recognizes the expense for lease payments in the period when the lease term begins, and the amount is determined based on the actual amount of lease payments payable.

- 1) For the lease contracts, the Company recognizes the lease liabilities based on the present value of the lease payments.
- 2) Variable lease payments are recognized as expenses when they occur.
- 3) For the lease contracts, the Company recognizes the lease liabilities based on the present value of the lease payments, and the amount is determined based on the actual amount of lease payments payable.
- 4) If the lease term is less than 12 months, the Company recognizes the lease liabilities based on the present value of the lease payments, and the amount is determined based on the actual amount of lease payments payable.
- 5) The Company recognizes the lease liabilities based on the present value of the lease payments, and the amount is determined based on the actual amount of lease payments payable.

The Company recognizes the lease liabilities based on the present value of the lease payments, and the amount is determined based on the actual amount of lease payments payable.

The Company recognizes the lease liabilities based on the present value of the lease payments, and the amount is determined based on the actual amount of lease payments payable.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Additional disclosures, refer to the financial statements in CNY

### 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 4.23 Share-based payment

##### 4.23.1. The fair value-based approach

The Company's share-based payment is accounted for as equity-settled share-based payment according to the fair value-based approach.

##### 4.23.2. The employee's expected service period, the

based on the expected service period of the employee, the expected service period is 489 days (0.6 years).



## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Unit: RMB million, unless otherwise specified. CNY

### 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 4.24 Bond payable

##### 4.24.1 Government bonds

Bonds payable are issued by the Company, recorded as financial liabilities, and are measured at amortized cost, recorded at the face value plus or minus the premium or discount, less the issue costs.

For government bonds, the Company uses the effective interest method to calculate the interest expense. The interest expense is recognized in the profit and loss account. The interest income is recognized in the profit and loss account. The interest income is recognized in the profit and loss account.

##### 4.24.2 Corporate bonds

For corporate bonds, the Company uses the effective interest method to calculate the interest expense. The interest expense is recognized in the profit and loss account. The interest income is recognized in the profit and loss account. The interest income is recognized in the profit and loss account.

#### 4.25 Estimated liabilities

##### 4.25.1 Provisions

The Company recognizes provisions for uncertain liabilities that are probable and whose amount can be reliably estimated. The provisions are measured at the best estimate of the amount required to settle the liability at the reporting date.

- (1) Provision for uncertain liabilities arising from the Company's operations;
- (2) Provision for uncertain liabilities arising from the Company's operations, including but not limited to the Company's operations;
- (3) Provision for uncertain liabilities arising from the Company's operations, including but not limited to the Company's operations.



## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 4.26 Pro d c ion afe   e pen e

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## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Unit: RMB million, except for CNY

### 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 4.27 Revenue

##### 4.27.1 Government grants

When the Company receives government grants related to its operating activities, i.e., the Company receives government grants related to its operating activities, the Company recognizes the government grants as income in the period when the Company receives the government grants.

The Company recognizes government grants related to its operating activities, as well as government grants related to its operating activities, as income in the period when the Company receives the government grants.

The Company recognizes government grants related to its operating activities, as well as government grants related to its operating activities, as income in the period when the Company receives the government grants.

The Company recognizes government grants related to its operating activities, as well as government grants related to its operating activities, as income in the period when the Company receives the government grants. If the Company receives government grants related to its operating activities, as well as government grants related to its operating activities, as income in the period when the Company receives the government grants. (1) The Company recognizes government grants related to its operating activities, as well as government grants related to its operating activities, as income in the period when the Company receives the government grants. (2) The Company recognizes government grants related to its operating activities, as well as government grants related to its operating activities, as income in the period when the Company receives the government grants. (3) The Company recognizes government grants related to its operating activities, as well as government grants related to its operating activities, as income in the period when the Company receives the government grants. Other than the above, the Company recognizes government grants related to its operating activities, as well as government grants related to its operating activities, as income in the period when the Company receives the government grants.



## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Unit: RMB million, unless otherwise specified

### 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 4.27 Revenue (Continued)

##### 4.27.2 Provisions of revenue recognition

###### (1) Contract revenue

At the end of the reporting period, the contract revenue is recognized based on the progress of the contract. The contract revenue is recognized based on the progress of the contract. The contract revenue is recognized based on the progress of the contract.

Therefore, the contract revenue is recognized based on the progress of the contract. The contract revenue is recognized based on the progress of the contract. The contract revenue is recognized based on the progress of the contract.

###### (2) Contract revenue

At the end of the reporting period, the contract revenue is recognized based on the progress of the contract. The contract revenue is recognized based on the progress of the contract. The contract revenue is recognized based on the progress of the contract.

###### (3) Contract revenue

Therefore, the contract revenue is recognized based on the progress of the contract. The contract revenue is recognized based on the progress of the contract. The contract revenue is recognized based on the progress of the contract.



## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

人民币, 折合人民币 CNY

### 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 4.28 金融资产

##### 4.28.1 以公允价值计量的金融资产

以公允价值计量的金融资产, 包括交易性金融资产、指定为以公允价值计量的金融资产等。

(1) 以公允价值计量的金融资产, 包括交易性金融资产、指定为以公允价值计量的金融资产等。

(2) 以公允价值计量的金融资产, 包括交易性金融资产、指定为以公允价值计量的金融资产等。

(3) 以公允价值计量的金融资产, 包括交易性金融资产、指定为以公允价值计量的金融资产等。

以公允价值计量的金融资产, 包括交易性金融资产、指定为以公允价值计量的金融资产等。

##### 4.28.2 以摊余成本计量的金融资产

以摊余成本计量的金融资产, 包括持有至到期投资、贷款和应收款项等。

##### 4.28.3 以公允价值计量的金融资产

以公允价值计量的金融资产, 包括交易性金融资产、指定为以公允价值计量的金融资产等。

##### 4.28.4 以公允价值计量的金融资产

以公允价值计量的金融资产, 包括交易性金融资产、指定为以公允价值计量的金融资产等。

以公允价值计量的金融资产, 包括交易性金融资产、指定为以公允价值计量的金融资产等。

以公允价值计量的金融资产, 包括交易性金融资产、指定为以公允价值计量的金融资产等。

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Unit: million RMB Yuan, unless otherwise specified

### 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 4.29 Government subsidies

##### 4.29.1 Tax

Government subsidies are classified into government grants and government income tax subsidies. Government grants are measured at the fair value of the related asset. Government income tax subsidies are measured at the amount of the tax payable.

Government grants are measured at the fair value of the related asset. Government income tax subsidies are measured at the amount of the tax payable. Government grants are measured at the fair value of the related asset. Government income tax subsidies are measured at the amount of the tax payable.

##### 4.29.2 Classification of government subsidies

If the government subsidy is used to purchase fixed assets, it is classified as government grants. If the government subsidy is used to purchase intangible assets, it is classified as government grants. If the government subsidy is used to purchase other assets, it is classified as government grants.

Government subsidies are classified into government grants and government income tax subsidies. Government grants are measured at the fair value of the related asset. Government income tax subsidies are measured at the amount of the tax payable.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Unit: million RMB Yuan

### 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 4.29 Government subsidies (Continued)

##### 4.29.3 Accounting policy

According to the nature of the subsidies, the Company distinguishes between government subsidies that are related to the company's ordinary activities and those that are not. Government subsidies related to the company's ordinary activities are recognized as income when they are received, and government subsidies that are not related to the company's ordinary activities are recognized as income when they are received.

Government subsidies related to the company's ordinary activities are recognized as income when they are received, and government subsidies that are not related to the company's ordinary activities are recognized as income when they are received. Government subsidies related to the company's ordinary activities are recognized as income when they are received, and government subsidies that are not related to the company's ordinary activities are recognized as income when they are received.

If government subsidies related to the company's ordinary activities are recognized as income when they are received, and government subsidies that are not related to the company's ordinary activities are recognized as income when they are received. Government subsidies related to the company's ordinary activities are recognized as income when they are received, and government subsidies that are not related to the company's ordinary activities are recognized as income when they are received.

Government subsidies related to the company's ordinary activities are recognized as income when they are received, and government subsidies that are not related to the company's ordinary activities are recognized as income when they are received. Government subsidies related to the company's ordinary activities are recognized as income when they are received, and government subsidies that are not related to the company's ordinary activities are recognized as income when they are received.

If government subsidies related to the company's ordinary activities are recognized as income when they are received, and government subsidies that are not related to the company's ordinary activities are recognized as income when they are received. Government subsidies related to the company's ordinary activities are recognized as income when they are received, and government subsidies that are not related to the company's ordinary activities are recognized as income when they are received.

When government subsidies related to the company's ordinary activities are recognized as income when they are received, and government subsidies that are not related to the company's ordinary activities are recognized as income when they are received. Government subsidies related to the company's ordinary activities are recognized as income when they are received, and government subsidies that are not related to the company's ordinary activities are recognized as income when they are received.



## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

人民币元，以下简称“人民币”或“元”。

### 4. 重要会计政策和会计估计 (续)

#### 4.31 租赁

本公司根据《企业会计准则第21号——租赁》(以下简称“租赁准则”)对租赁业务进行会计处理。

##### 4.31.1 融资租赁

如果租赁实质上转移了与租赁资产所有权有关的几乎全部风险和报酬，且租赁期届满时租赁资产的所有权转移给承租人，则该租赁为融资租赁。

如果租赁资产公允价值在租赁开始日最低租赁付款额的现值几乎等于租赁开始日租赁资产的公允价值，且租赁期届满时租赁资产的所有权转移给承租人，则该租赁为融资租赁。

##### 4.31.2 融资租赁

当租赁实质上转移了与租赁资产所有权有关的几乎全部风险和报酬，且租赁期届满时租赁资产的所有权转移给承租人，则该租赁为融资租赁。

(1) 融资租赁资产成本按照租赁开始日租赁资产的公允价值与最低租赁付款额现值两者中的较低者确定。

(2) 融资租赁资产按照租赁开始日租赁资产的公允价值与最低租赁付款额现值两者中的较低者确定。

(3) 融资租赁资产按照租赁开始日租赁资产的公允价值与最低租赁付款额现值两者中的较低者确定。

##### 4.31.3 融资租赁

如果租赁实质上转移了与租赁资产所有权有关的几乎全部风险和报酬，且租赁期届满时租赁资产的所有权转移给承租人，则该租赁为融资租赁。





## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

人民币, 折合人民币 CNY

### 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 4.31 Lease (Continued)

##### 4.31.4 T & C, a, a, e (Continued)

##### (2) Accruals and provisions

On the date of the end of the reporting period, the Company has accrued and provided for the following items:

The Company has accrued and provided for the following items: (1) The Company has accrued and provided for the following items: (2) The Company has accrued and provided for the following items: (3) The Company has accrued and provided for the following items: (4) The Company has accrued and provided for the following items: (5) The Company has accrued and provided for the following items:

- 1) The Company has accrued and provided for the following items: (1) The Company has accrued and provided for the following items: (2) The Company has accrued and provided for the following items: (3) The Company has accrued and provided for the following items: (4) The Company has accrued and provided for the following items: (5) The Company has accrued and provided for the following items:
- 2) The Company has accrued and provided for the following items: (1) The Company has accrued and provided for the following items: (2) The Company has accrued and provided for the following items: (3) The Company has accrued and provided for the following items: (4) The Company has accrued and provided for the following items: (5) The Company has accrued and provided for the following items:
- 3) The Company has accrued and provided for the following items: (1) The Company has accrued and provided for the following items: (2) The Company has accrued and provided for the following items: (3) The Company has accrued and provided for the following items: (4) The Company has accrued and provided for the following items: (5) The Company has accrued and provided for the following items:
- 4) The Company has accrued and provided for the following items: (1) The Company has accrued and provided for the following items: (2) The Company has accrued and provided for the following items: (3) The Company has accrued and provided for the following items: (4) The Company has accrued and provided for the following items: (5) The Company has accrued and provided for the following items:
- 5) The Company has accrued and provided for the following items: (1) The Company has accrued and provided for the following items: (2) The Company has accrued and provided for the following items: (3) The Company has accrued and provided for the following items: (4) The Company has accrued and provided for the following items: (5) The Company has accrued and provided for the following items:

The Company has accrued and provided for the following items: (1) The Company has accrued and provided for the following items: (2) The Company has accrued and provided for the following items: (3) The Company has accrued and provided for the following items: (4) The Company has accrued and provided for the following items: (5) The Company has accrued and provided for the following items:

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

人民币 加元 欧元 美元 港币 人民币 CNY

### 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 4.31 Lease (Continued)

4.31.4

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

人民币, 折合人民币 CNY

### 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 4.32 Held for sale (Continued)

##### 4.32.2 Accrued and deferred income

本公司, 根据会计准则, 按照权责发生制确认收入, 并按合同约定的收款日期确认应收账款。如果合同约定的收款日期与合同约定的收款日期不一致, 则按照合同约定的收款日期确认收入, 并按合同约定的收款日期确认应收账款。如果合同约定的收款日期与合同约定的收款日期不一致, 则按照合同约定的收款日期确认收入, 并按合同约定的收款日期确认应收账款。

对于应收账款, 公司根据会计准则, 按照权责发生制确认收入, 并按合同约定的收款日期确认应收账款。如果合同约定的收款日期与合同约定的收款日期不一致, 则按照合同约定的收款日期确认收入, 并按合同约定的收款日期确认应收账款。

对于应付账款, 公司根据会计准则, 按照权责发生制确认收入, 并按合同约定的收款日期确认应收账款。如果合同约定的收款日期与合同约定的收款日期不一致, 则按照合同约定的收款日期确认收入, 并按合同约定的收款日期确认应收账款。

#### 4.33 Financial measurement

##### 4.33.1 Financial measurement

对于应收账款, 公司根据会计准则, 按照权责发生制确认收入, 并按合同约定的收款日期确认应收账款。如果合同约定的收款日期与合同约定的收款日期不一致, 则按照合同约定的收款日期确认收入, 并按合同约定的收款日期确认应收账款。

对于应付账款, 公司根据会计准则, 按照权责发生制确认收入, 并按合同约定的收款日期确认应收账款。如果合同约定的收款日期与合同约定的收款日期不一致, 则按照合同约定的收款日期确认收入, 并按合同约定的收款日期确认应收账款。

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Unit: RMB million, except for CNY

### 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 4.33 Financial measurement (Continued)

##### 4.33.2 Financial measurement (Continued)

The Company's financial measurement policy is to measure all financial assets and liabilities at fair value. The fair value of financial assets and liabilities is determined based on the following methods:

When the fair value cannot be determined based on the above methods, the fair value is determined based on the following methods:

Level 1: The fair value is determined based on the quoted prices in active markets for identical assets or liabilities.

Level 2: The fair value is determined based on the quoted prices for similar assets or liabilities in active markets, or based on other observable market data.

Level 3: The fair value is determined based on the following methods: 1) The fair value is determined based on the quoted prices for identical assets or liabilities in inactive markets; 2) The fair value is determined based on the quoted prices for similar assets or liabilities in inactive markets; 3) The fair value is determined based on the quoted prices for identical assets or liabilities in inactive markets, or based on other observable market data; 4) The fair value is determined based on the quoted prices for identical assets or liabilities in inactive markets, or based on other observable market data.

Level 3: The fair value is determined based on the quoted prices for identical assets or liabilities in inactive markets, or based on other observable market data.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

For the period ended December 31, 2023

### 5. EXPLANATION OF ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES, AND CORRECTION OF MAJOR PREVIOUS ERRORS

#### 5.1 Change in accounting policies

The effective date of the financial accounting policy change is as follows:

#### 5.2 Change in accounting estimate

The effective date of the financial accounting estimate change is as follows:

### 6. TAXATION

The tax rate of the Company and its subsidiaries is as follows:

#### 6.1 Tax rate and additional tax and fee

Tax Type	Tax Basis	Tax Rate(%)	Note
Value-added tax ('VAI')	Value-added tax, applicable to the difference between the value added tax and the value added tax credit	3%.6%	
	Value added tax, applicable to the value added tax credit	9%.10%	
	Value added tax, applicable to the value added tax credit, applicable to the value added tax credit, applicable to the value added tax credit	13%.16%	
Corporate income tax	Corporate income tax, applicable to the value added tax	7%	

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements ended December 31, 2023

### 6. TAXATION (CONTINUED)

#### 6.2 Corporate income tax

Taxpayer	Share of income tax (%)
Hab Eec c C., Ld. (N e 1)	15%
Hab Sea T f b e Pa C., Ld. a d f b d a e (N e 2)	15%
Hab Eec c P e Tec n , a d Tade C., Ld	25%
Hab Eec c Mac ne, Fac , C., Ld. a d f b d a e (N e 3)	15%
Hab Eec c P e Ge ea E f e Na a E ee Re ea c Ce e C., Ld. (N e 4)	15%
Hab Eec c P e G f Va e C., Ld. (N e 5)	15%
Hab B e W . C., Ld. a d f b d a e (N e 6)	15%
Hab Eec c G f (Q Pa da ) Hea E f e C., Ld. (N e 8)	15%
Hab Eec c G f F a ce C., Ld	25%
Hab Eec c l e a a E ee . C., Ld. (N e 9)	15%
Hab Eec c F a ca Lea (Ta ) C., Ld	25%
Hab Eec c C., Ld	25%
Hab Eec c G f S d E e a P ec E ee C., Ld	25%
Hab Eec c P e G f B a P e Ge ea (Wa . f ) C., Ld	25%
Hab Eec c P e G f B a P e Ge ea (De f ) C., Ld	25%
Hab Eec c Sce ce a d Tec n , C., Ld	25%
Hab Eec c Mae a C., Ld	25%

Acc d e ee a f E e e l c e Ta La , n ec e e f ed b e a e d be f bec e e e c e a a a ed ced ae f 15%.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements ended December 31, 2023

### 6. TAXATION (CONTINUED)

#### 6.2 Corporate income tax (Continued)

Note 1: Harbin Electric Co., Ltd. (Head Office)

On April 7, 2021, the company, based on the 'Hubei Free Trade Zone Enterprise Income Tax Management Measures', established the Harbin Electric Co., Ltd. Free Trade Zone Branch, the Harbin Electric Co., Ltd. Free Trade Zone Branch, the Harbin Electric Co., Ltd. Free Trade Zone Branch, and the Harbin Electric Co., Ltd. Free Trade Zone Branch (Enterprise Income Tax ID: GR202123000278), the company has applied for the enterprise income tax rate of 15% in the Free Trade Zone.

Note 2: Harbin Sea Trench Power Co., Ltd. and Subsidiaries

On April 7, 2021, Harbin Sea Trench Power Co., Ltd. based on the 'Hubei Free Trade Zone Enterprise Income Tax Management Measures', established the Harbin Sea Trench Power Co., Ltd. Free Trade Zone Branch, the Harbin Sea Trench Power Co., Ltd. Free Trade Zone Branch, the Harbin Sea Trench Power Co., Ltd. Free Trade Zone Branch, and the Harbin Sea Trench Power Co., Ltd. Free Trade Zone Branch (Enterprise Income Tax ID: GR202123000237), the company has applied for the enterprise income tax rate of 15% in the Free Trade Zone.

On April 7, 2021, Harbin Sea Trench Power Co., Ltd. based on the 'Hubei Free Trade Zone Enterprise Income Tax Management Measures', established the Harbin Sea Trench Power Co., Ltd. Free Trade Zone Branch, the Harbin Sea Trench Power Co., Ltd. Free Trade Zone Branch, the Harbin Sea Trench Power Co., Ltd. Free Trade Zone Branch, and the Harbin Sea Trench Power Co., Ltd. Free Trade Zone Branch (Enterprise Income Tax ID: GR202123000008), the company has applied for the enterprise income tax rate of 15% in the Free Trade Zone.

Note 3: Harbin Electric Macroe, Fac, Co., Ltd. and Subsidiaries

On April 7, 2021, Harbin Electric Macroe, Fac, Co., Ltd. based on the 'Hubei Free Trade Zone Enterprise Income Tax Management Measures', established the Harbin Electric Macroe, Fac, Co., Ltd. Free Trade Zone Branch, the Harbin Electric Macroe, Fac, Co., Ltd. Free Trade Zone Branch, the Harbin Electric Macroe, Fac, Co., Ltd. Free Trade Zone Branch, and the Harbin Electric Macroe, Fac, Co., Ltd. Free Trade Zone Branch (Enterprise Income Tax ID: GR202123000122), the company has applied for the enterprise income tax rate of 15% in the Free Trade Zone.

On September 27, 2021, Harbin Nanhai Electric Equipment Engineering Co., Ltd., Reac Co., Ltd., and Subsidiaries, of Harbin Electric Macroe, Fac, Co., Ltd., based on the 'Hubei Free Trade Zone Enterprise Income Tax Management Measures', established the Harbin Nanhai Electric Equipment Engineering Co., Ltd. Free Trade Zone Branch, the Harbin Nanhai Electric Equipment Engineering Co., Ltd. Free Trade Zone Branch, the Harbin Nanhai Electric Equipment Engineering Co., Ltd. Free Trade Zone Branch, and the Harbin Nanhai Electric Equipment Engineering Co., Ltd. Free Trade Zone Branch (Enterprise Income Tax ID: GR202123000122), the company has applied for the enterprise income tax rate of 15% in the Free Trade Zone.

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

F ̄, ea e ded Dece be 31, 2023

## 6. TAXATION (CONTINUED)

### 6.2 Co po a e income a (Con in ed)

*N e 5:* Hab Eec cP e G ̄ Va e C .,Ld

O A ̄ 7, 2021, Hab P e Sa Va e C .,Ld. fHab Eec cP e G ̄ ba ed ̄ 'H ̄ec 'E e e Ce fcae , ̄ed b ̄ He a P ̄ ca De a e f Sce ce ad Tec ̄ , ̄ He a P ̄ ca De a e fF ace, ̄ He a P ̄ ca SaeTa a B ̄ ea ̄, ad ̄ He a P ̄ ca-L ca Ta a B ̄ ea ̄, (ce fcae ̄ be : GR202123000352), ̄ ̄ a df ̄ be, ea ad ̄ bec c ae ce a a ae f15% d ̄ ̄ ad , e d.

*N e 6:* Hab B e Pa C .,Ld. ad ̄ b da e

O A ̄ 7, 2021, Hab B e Fac , C .,Ld. ba ed ̄ 'H ̄ec 'E e e Ce fcae , ̄ed b ̄ He a P ̄ ca De a e f Sce ce ad Tec ̄ , ̄ He a P ̄ ca De a e fF ace, ad ̄ He a P ̄ ca Ta a B ̄ ea ̄ f ̄ SaeAd a f Ta a (ce fcae ̄ be : GR202123000103), ̄ ̄ a df ̄ be, ea , ad ̄ e e e ce a be e da a ae f15% d ̄ ̄ ad , e d.

O Se e be 18, 2021, Hab B e Pa Pe ̄ ae C .,Ld., a ̄ b da , fHab B e Pa C .,Ld., ba ed ̄ 'H ̄ec 'E e e Ce fcae , ̄ed b ̄ He a P ̄ ca De a e f Sce ce ad Tec ̄ , ̄ He a P ̄ ca De a e fF ace, ad ̄ He a P ̄ ca Ta a B ̄ ea ̄ f ̄ SaeAd a f Ta a (ce fcae ̄ be : GR202123000510), ̄ ̄ a df ̄ be, ea ad ̄ bec e e e ce a a ae f15% d ̄ ̄ ad , e d.

*N e 7:* Hab Eec cP e E ̄ e C .,Ld

O A ̄ 7, 2021, Hab Eec cP e E ̄ e C .,Ld. ba ed ̄ 'H ̄ec 'E e e Ce fcae , ̄ed b ̄ He a P ̄ ca De a e f Sce ce ad Tec ̄ , ̄ He a P ̄ ca De a e fF ace, ̄ He a P ̄ ca SaeTa a B ̄ ea ̄, ad ̄ He a P ̄ ca L ca Ta a B ̄ ea ̄ (ce fcae ̄ be : GR202123000203), ̄ ̄ a df ̄ be, ea , ad ̄ e e e ce a be e da a ae f15% d ̄ ̄ ad , e d.

*N e 8:* Hab Eec cG ̄ (Q ̄ a da )Hea E ̄ e C .,Ld

Acc d ̄ N ce f ̄ Lead G ̄ f ̄ Ide fca ad Ma a e e fH ̄ec ̄ E e e Hebe P ̄ ce A ̄ c ̄ H ̄ec 'E e e Hebe P ̄ ce 2022 (J Ga ̄ [2023]N .1D c ̄ e ), Hab Eec cG ̄ (Q ̄ a da )Hea E ̄ e C .,Ld. ̄ be a ̄ ed a a ̄ ec ̄ e e (ce fcae ̄ be : GR202213003141), ̄ ̄ a df ̄ be, ea , ad ̄ e e e ce a be e da a ae f15% d ̄ ̄ ad , e d.

*N e 9:* Hab Eec cle a a E e e C .,Ld

O Se e be 30, 2022, Hab Eec cle a a E e e C .,Ld. a a aded a ec ̄ ca, ad a ced e ce e e ̄ be fcae ̄ be 20222301100001, ad ̄ e e e ce a a e da a ae f15% ̄ , ea acc d ̄ d c ̄ e fF ace ad Ta a (2009) N .63.





## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements ended December 31, 2023

### 7. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 7.1 Subsidiaries (Continued)

Consolidated financial statements are prepared based on the consolidated financial statements of the subsidiaries as of December 31, 2023, as follows:

Name	Registration	Business	Share of ownership (%)	Share of ownership (%)	Reason for inclusion in the scope of consolidation
Hab Eec cP e E f e C .,Ld			100.00	100.00	Se 51% e f , e e
C e d f Sa aTec n C .,Ld			40.70	40.70	L f

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(In addition to the currency, the unit is CNY, the base is January 1, 2023)

#### 8.1 Monetary fund

Item	Closing balance	Base
Ca n d d	741,771.46	3,095,219.73
Bar de	17,355,692,526.20	16,168,210,059.73
O e e a, f d l e e ece abe e d e	1,320,882,259.57	1,194,479,991.72
S f b a	18,677,316,557.23	17,365,785,271.18
Le : Ced a e e ( e)		65,000,000.00
T a	18,677,316,557.23	17,300,785,271.18
In cl d : a a f f de ab ad	227,879,826.76	419,390,807.17

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements as of December 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.1 Monetary fund (Continued)

As of the end of the reporting period, the company has the following monetary fund items, which are measured at the end of the reporting period:

Item	Closing balance	Opening balance
Bank acceptance	387,309,849.91	281,482,080.00
Performance bond	21,834,284.31	
Trade receivables	20,000,000.00	20,000,000.00
Debt of the Company	883,940,314.66	752,193,140.84
Trade receivables		35,555,864.41
Subtotal	1,313,084,448.88	1,089,231,085.25
Less: Credit		
Total	1,313,084,448.88	1,089,231,085.25

As of December 31, 2023, the company has the following monetary fund items, which are measured at the end of the reporting period: 801bT0 0 0 0 · /T1 1 1 0 0 1 453.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Fø, eaa e ded Dece be 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.3 Note receivable

##### 8.3.1 Løf e ece, ab e b, ca e ,

Item	Closing balance		O e baa ce		
	Book al e	Pro ion fo,	B . a e	Pro ion fo,	Ne b . a e
		bad deb		bad deb	
Ba . acce a ce b	475,560,305.10		475,560,305.10	744,704,122.17	744,704,122.17
C e ca acce a ce b	499,771,500.58		499,771,500.58	805,146,413.78	7,591,464.96
T a	975,331,805.68		975,331,805.68	1,549,850,535.95	7,591,464.96

##### 8.3.2 Ne ece, ab e e d ed d c f ed b, e C a, a a Dece be 31, 2023 b e ed e baa ce e da e

Item	Amo n de eogni ed a a Decembe ,31, 2023	Amo n no de eogni ed a a Decembe ,31, 2023
	Ba . acce a ce b	1,446,414,306.38
C e ca acce a ce b	44,078,050.79	5,079,000.00
T a	1,490,492,357.17	5,079,000.00

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements ended December 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.4 Accounts receivable

8.4.1 Due from related parties

A

Closing balance

Opening balance

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

F   , ea e ded Dece be 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.4 Acco n eceivable (Con in ed)

##### 8.4.2 Acc   eceivable ca fed d c   e (C   ed)

Ca ego,	Book balance		Clo ing balance		Book al e
	Amo n	P opo ion (%)	Amo n	P opo ion of p opo ion (%)	
Id �fa � � f bad deb	2,033,882,106.57	16.30	1,332,648,801.67	65.52	701,233,304.90
P � f bad deb acc �ed a � f	10,446,461,339.77	83.70	3,702,319,063.71	35.44	6,744,142,276.06
ba					
l c �d : a � f	10,446,461,339.77	83.70	3,702,319,063.71	35.44	6,744,142,276.06
T a	12,480,343,446.34		5,034,967,865.38		7,445,375,580.96

##### 8.4.3 Id  fa     f bad deb

Name	Book balance	P opo ion fo , bad deb	P opo ion of p opo ion (%)	Rea on fo , p opo ion
Hab G �a � P e Tec � , De � e C �, Ld	340,867,500.00	47,985,593.75	14.08	Ke enginee jng p od c
C �a S �b � d l d � , C � a N . 703 Re ea c � l � e	330,074,325.30	51,902,692.50	15.72	Ke enginee jng p od c
M �, fWae Re � ce a d l a f � Re � b c f S � da	280,049,297.82	280,049,297.82	100.00	l ha no been �co e �d fo ,a long ime
K C a , � e f � S eed � e � ec T � e �	159,184,451.49	7,959,222.58	5.00	l ha no been �co e �d fo ,a long ime
C a a E e , fl da	135,368,957.14	135,368,957.14	100.00	l i no e pec ed o be �co e �d
L , He E e , G � C �, Ld	122,742,750.00	122,742,750.00	100.00	Diffic l in �co e jng pa men

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

February 28, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.4 Accounts receivable (Continued)

##### 8.4.3 Identification of bad debt

Name	Book balance	Provision for bad debt	Proportion of provision (%)	Reason for provision
Taigeli Pad Paper Geela Co., Ltd	81,900,000.00	4,095,000.00	5.00	It has not been collected for a long time
Sida Nana Eecoc, Co., Ltd	55,243,856.22	55,243,856.22	100.00	It has not been collected for a long time
Sida Pede Deale	39,324,914.20	39,324,914.20	100.00	It has not been collected for a long time
Yela Hada Zhe Paper Geela Co., Ltd	34,000,000.00	34,000,000.00	100.00	Difficult in payment
Daa Ewele Adde, Gede Co., Ltd. Lele Pec Bac	20,394,367.22	16,315,493.78	80.00	Difficult in payment
Daa Camegle Sele Co., Ltd	19,118,528.00	19,118,528.00	100.00	Difficult in payment
Ilema Acha, Ma Co., Ltd	18,013,040.30	15,719,440.30	87.27	Difficult in payment
Pecna Sada Eecoc Paper Co., Ltd	17,500,000.00	17,500,000.00	100.00	Difficult in payment
Ilema Acha, Tec Co., Ltd	17,479,632.85	17,479,632.85	100.00	Bankruptcy liquidation
Ilema Acha Acha Co., Ltd	16,604,910.00	16,604,910.00	100.00	Difficult in payment
Sida Dadele Teda Paper Co., Ltd	16,126,161.21	16,126,161.21	100.00	It has not been collected for a long time
Geela Leader Teda Paper (P) Co., Ltd	14,218,912.06			No judgment

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements ended December 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.4 Accounts receivable (Continued)

##### 8.4.3 Identification of bad debt (Continued)

Name	Book balance	Proportion of bad debt	Proportion of proportion (%)	Reason for proportion
--				
Plastic Bottle Paper (Paper) Limited	13,846,790.84			No risk of default
LUCKY Paper Co., Ltd.	12,407,656.12			No risk of default
Old Gee Ee, Osee Co., Ltd.	8,420,000.00	8,420,000.00	100.00	Difficult to pay
--				
Be Haff Eee Co., Ltd.	4,727,200.00	4,727,200.00	100.00	Recombination
Da H'ec' B, Ta T' a P e Co., Ltd.	4,049,690.10	291,318.60	7.19	It has not been paid for a long time
MCCS Uba Eee a P ec E ee Tec' , Co., Ltd.	2,305,000.00	1,152,500.00	50.00	Difficult to pay
I e M a E e, P e Ge e a I ee G e Co., Ltd. Y' n P e Pa	2,124,786.33	1,699,829.07	80.00	Difficult to pay
Ha b Eec cW d E e, Co., Ltd.	2,040,000.00			
C' a Na a P e e' N' a Ref & C' ca E ee Co., Ltd.	2,034,940.00	2,034,940.00	100.00	Difficult to pay
D' a E ee Tec' , Co., Ltd.	1,800,000.00	1,800,000.00	100.00	Difficult to pay
Ha b Eec cP e E' e Co., Ltd.	1,534,806.55			Related party, no accrued
S' a We' B' C' ca Co., Ltd.	1,243,400.00	994,720.00	80.00	Difficult to pay
O' e	227,165,488.02	63,921,718.00		
T a	2,001,911,361.77	982,578,676.02		



## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

For the period ended December 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.4 Accounts receivable (Continued)

##### 8.4.4 Provision for bad debt accrued as follows

As follows

Aging	Closing balance			Opening balance		
	Book balance		Provision for bad debt	Book balance		Provision for bad debt
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 1 year	4,273,253,210.83	44.90	211,685,577.58	4,744,697,091.82	45.43	232,940,665.70
1-2 years	1,609,775,648.45	16.92	397,731,007.43	1,873,273,275.37	17.93	466,335,346.94
2-3 years	1,012,387,350.16	10.64	490,402,864.03	1,039,823,998.94	9.95	516,153,561.04
Over 3 years	2,621,292,739.60	27.54	2,274,997,591.58	2,788,666,973.64	26.69	2,486,889,490.03
<b>Total</b>	<b>9,516,708,949.04</b>		<b>3,374,817,040.61</b>	<b>10,446,461,339.77</b>		<b>3,702,319,063.71</b>

##### 8.4.5 Provision for bad debt recognized

Total provision for bad debt recognized is RMB1,737,136,247.85.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

F ebruari, ead e ded Dece mber 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.4 Accounts receivable (Continued)

##### 8.4.6 Accounts receivable, aged as of 2023

Name of the debtor	Number of accounts receivable	W j e-off amo n	Reason for write-off	W j e-off p oced e fo f lfillmen	Whether, in accordance with the provisions of the Accounting Regulation
S d e Fe e a A e e a d C e e Ec c C .,Ld	a e	14,137,648.25	T e e a , e ba . e	O fce ee	N
F e e C e , He e a C e e e U a P e a e Pa C .,Ld	a e	6,451,034.00	T e e a , e ba . e	O fce ee	N
Ida CETHAR VANDHANA	Pa e	4,288,656.82	T e deb e ba . e	T e e a a a e' f fce ee f e c a ,	N
Hab KONEP e C E ee C .,Ld	C e a ea	1,641,000.00	I d ffc e c e a e	B e a e e f e c a ,	N
J P e a a d e a d e C .,Ld	C e a ea	739,792.90	I d ffc e c e a e	B e a e e f e c a ,	N
Bad Ta e I & E G e C .,Ld	Pa e	686,287.57	T e a e c c f d e a d ca be e f ced	T e e a a a e' f fce ee f e c a ,	N
Z e e R T e a P e E e , C .,Ld	C e a ea	524,452.49	I d ffc e c e a e	B e a e e f e c a ,	N
Z e e J e T e a P e E e , C .,Ld	C e a ea	316,284.00	I d ffc e c e a e	B e a e e f e c a ,	N
H e a H e a Z e e T e a P e Ge e a C a , (2004 Sae N .15)	Pa e	300,000.00	A be d e a e f a	T e e a a a e' f fce ee f e c a ,	N
Be X a l e a a E ee Tec n , C .,Ld. (2016XPH064)	Pa e	252,840.00	A be d e a e f a	T e e a a a e' f fce ee f e c a ,	N
H e a d a l e a a S d M a e a C .,Ld. (2009 A e Pa N .8)	Pa e	245,000.00	A be d e a e f a	T e e a a a e' f fce ee f e c a ,	N

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements as at December 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.4 Accounts receivable (Continued)

##### 8.4.6 Accounts receivable as at the end of 2023 (Continued)

Name of the debtor	Number of accounts receivable	W j e-off amo n	Reason for j e-off	W j e-off p oced e fo ,f lfillmen	Whether, i a j e ,om a e la ed pa , an ac ion
S h Z h h P e Ge e a C .,Ld.(C ac N .: 2011 A f Pa 009)	Pa e	91,564.20	T h c ef e e e e fa ea f fce c e e c f e e e f a ea	T h e e a a a e ' ffce ee f e c a ,	N
D a a l e M a D f f C a Pa e C h ca C .,Ld.(C ac N .: 2013 A f Pa 058)	Pa e	38,320.00	T h c ef e e e e fa ea f fce c e e c f e e e f a ea	T h e e a a a e ' ffce ee f e c a ,	N
L a Q h P e Ge e a C .,Ld.#5 Ge e a R Re a C ac (C ac N .: 2008 A f Pa N .1)	Pa e	36,000.00	T h c ef e e e e fa ea f fce c e e c f e e e f a ea	T h e e a a a e ' ffce ee f e c a ,	N
H a b H a f a E e c c P e E f e M a f fac f Fac , (2008 A f Pa 44)	Pa e	33,800.00	A b e d e a f e f a	T h e e a a a e ' ffce ee f e c a ,	N
Y a e G f Ta , fa C h ca C e Ne M a e a C .,Ld a e	C e a e	29,000.00	T h e a , ca aff d a	Offce ee	N

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements ended December 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.4 Accounts receivable (Continued)

##### 8.4.6 Accounts receivable as at the end of 2023 (Continued)

Name of the debtor	Number of accounts receivable	W/e-off amount	Reason for W/e-off	W/e-off procedure for fulfillment	Whether, in accordance with the plan, an action
J, J. Eec c P e C ĩc Pa e Mae a C., Ld. (C ac N . 2013 Aĳ Pa 037)	Pa e	28,300.00	T ě c ef ě e e e fa ea ĳffce c ĳ ěc f e e e f a ea	T ě e ea a ae' ffce ee f ě c ĳ a,	N
Hĳa e Ha a P e Gee a C., Ld. D fa P e Pa (C ac N .2012 Sae a d D bĳ Te e N .3)	Pa e	26,153.85	T ě c ef ě e e e fa ea ĳffce c ĳ ěc f e e e f a ea	T ě e ea a ae' ffce ee f ě c ĳ a,	N
S ĳ Gĳ C a & P e C., Ld. (2009 Q ě N .7)	Pa e	2,359.54	T ě c ef ě e e e fa ea ĳffce c ĳ ěc f e e e f a ea	T ě e ea a ae' ffce ee f ě c ĳ a,	N
Hĳa e C ĳ c ĳ T ě a P e C., Ld	C ě a ea	-30,000.00	I dffcĳ a e	ec ĳ Pa e	N
S ĳ Da T ě a P e C., Ld	C ě a ea	-39,257.82	I dffcĳ a e	ec ĳ Pa e	N
T a		29,799,235.80			

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements as of December 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.4 Accounts receivable (Continued)

8.4.7 The following table shows the accounts receivable as of December 31, 2023, categorized by debt

Debt	Book balance	Proportion in the total accounts receivable (%)	Proportion of bad debt
Habing Glass & Plastic Technology Co., Ltd.	340,867,500.00	2.96	47,985,593.75
Tianjin 703 Electrical Equipment Co., Ltd.	330,074,325.30	2.87	51,902,692.50
Ningbo Electric Power Co., Ltd.	210,515,462.65	1.83	40,634,706.79
Mingfeng Electric Co., Ltd.	280,049,297.82	2.43	280,049,297.82
China Electric Power Group	270,737,914.28	2.35	270,737,914.28
<b>Total</b>	<b>1,432,244,500.05</b>	<b>12.43</b>	<b>691,310,205.14</b>

#### 8.5 Receivable financing

Item	Closing balance	Opening balance
Net receivable	10,194,291.30	2,145,369.50
Accounts receivable		
<b>Total</b>	<b>10,194,291.30</b>	<b>2,145,369.50</b>

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

F 0, ea e ded Dece be 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.6 P e p a m e n

A e	Clo ing balance			O e b a a c e		
	Book balance		P o i i o n f o , bad deb	B . b a a c e		P u f bad deb
	Amo n	P o p o , i o n (%)		A t	P (%)	
W n 1, ea	6,923,120,286.79	86.30	5,078,421.56	3,813,035,498.98	77.90	
1. 2, ea	737,720,596.96	9.20		471,293,327.89	9.63	
2. 3, ea	257,279,041.53	3.21		302,045,247.95	6.17	
O e 3, ea	103,723,023.51	1.29	1,732,617.80	308,587,210.70	6.30	1,732,617.80
T a	8,021,842,948.79	100.00	6,811,039.36	4,894,961,285.52	100.00	1,732,617.80

#### 8.6.1 L a e a d a c e a e e e, ea

C e d i o , n i	Deb ni	Clo ing balance	Rea o n f o , Aging n e led
Ha b E e c c M a c n e, F a c , C ., L d	Ha n H f a c e E e c c P e C E e e C ., L d	106,305,701.50	1-3, ea T e c a c a e e c f e d
Ha b E e c c M a c n e, F a c , C ., L d	ANDRITZ (C n a) C ., L d	62,141,871.85	1-3, ea T e c a c a e e c f e d
Ha b S e a T f b e F a c , C ., L d	M f b n C a f J a a	55,364,025.00	O e 5, ea N , e e e d
Ha b B e P a C ., L d	J F E C a f J a a	48,094,731.83	1-2, ea N , e e e d
Ha b B e P a C ., L d	J a a S e , C a (E n NIPPON STEEL CORPORATION	46,110,914.95	1-2, ea N , e e e d
Ha b B e P a C ., L d	C n a D a a G f l e a a T a d e C ., L d	44,974,641.91	2-3, ea N , e e e d
Ha b E e c c G f (Q a d a ) H e a E f e C ., L d	Z e a J f S e c a M a e a T e c n , C ., L d	36,429,137.45	1-2, ea T e c a c a e e c f e d
Ha b E e c c G f (Q a d a ) H e a E f e C ., L d	CITIC H e a l d e M a c n e, C ., L d	35,702,216.57	1-2, ea T e c a c a e e c f e d
Ha b E e c c M a c n e, F a c , C ., L d	S e a T a a S a e S e e P c e a d S a e C ., L d	35,073,083.16	1-3, ea T e c a c a e e c f e d

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements as of December 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.6 Prepayments (Continued)

##### 8.6.1 Land lease prepayments, etc. (Continued)

Credit	Debit	Closing balance	Reclassification, Aging
Hab. B. Pa. Co., Ltd.	Shareholder's Equity See Note 3.1.1	29,095,711.98	1-2, etc. None
Hab. Eec. Mac. Co., Ltd.	Used Share MSD	25,700,795.81	1-3, etc. None
Hab. Eec. Mac. Co., Ltd.	Jointly owned Office M&E Co., Ltd.	21,597,354.50	1-3, etc. None
Hab. Sea. T. Co., Ltd.	W. Eec. Co. (S. Co., Ltd.)	20,710,821.37	1-2, etc. None
Hab. B. Pa. Co., Ltd.	Shareholder's Equity See Note 3.1.1	19,685,375.02	2-3, etc. None
Hab. Sea. T. Co., Ltd.	Ind. Prod. (C. Co., Ltd.)	16,077,514.33	1-2, etc. None
Hab. B. Pa. Co., Ltd.	W. & See Co., Ltd.	15,137,668.05	1-2, etc. None
Hab. Sea. T. Co., Ltd.	M. H. Co.	12,256,742.40	Q. 3, etc. None
Hab. Eec. G. Co., Ltd.	G. A. X. Co., Ltd.	10,647,232.43	1-2, etc. None
Hab. Eec. I. Co., Ltd.	H. Eec. Co. Co., Ltd.	9,060,365.55	2-3, etc. None
Hab. Eec. G. Co., Ltd.	S. N. Y. Co., Ltd.	5,158,592.17	1-2, etc. None
Hab. Eec. Mac. Co., Ltd.	H. Y. Co. Co., Ltd.	4,671,777.00	1-2, etc. None
Hab. Eec. G. Co., Ltd.	F. B. See See Co., Ltd.	3,198,474.01	1-2, etc. None
Hab. Eec. G. Co., Ltd.	Z. H. Co., Ltd.	2,617,418.08	1-2, etc. None
Hab. Eec. Mac. Co., Ltd.	Hebe. L. Co., Ltd.	3,528,601.90	2-3, etc. None
Hab. Eec. Mac. Co., Ltd.	X. F. E. Co., Ltd.	1,098,018.87	1-2, etc. None
T. a.		670,438,787.69	

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements as of December 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.6 Provisions (Continued)

8.6.2 Trade payables as of December 31, 2022, are as follows:

Entity name	Closing balance	Proportion
		in the total advance applied Proportion for bad debt (%)
Habeco Engineering & Construction Co., Ltd. (Qatar)	652,385,030.31	8.13
Jaisel Corporation (E.NIPPON STEEL CORPORATION FOMAS S.A.)	474,603,815.42	5.92
Chatac Heavy Industries Co., Ltd. MITSUBISHI HEAVY INDUSTRIES, LTD	322,563,478.46	4.02
	274,177,634.62	3.42
	229,531,743.81	2.86
<b>Total</b>	<b>1,953,261,702.62</b>	<b>24.35</b>

#### 8.7 Other receivables

Item	Closing balance	Outstanding balance
Trade receivables	32,817,261.82	8,343,182.28
Due from related parties	260,014.64	
Other receivables	1,300,026,234.39	2,310,831,422.45
<b>Total</b>	<b>1,333,103,510.85</b>	<b>2,319,174,604.73</b>

Note: Other receivables include receivables from related parties and receivables from other parties.



## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements ended December 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.7 Other receivable (Continued)

##### 8.7.1 Interest receivable

Carrying amount of interest receivable

Item	Closing balance	Opening balance
Trade receivable		
Other receivable		
Total	32,817,261.82	8,343,182.28
Total	32,817,261.82	8,343,182.28

##### 8.7.2 Doubtful receivable

Item	Closing balance	Opening balance	Realized receivable	Write-off
Doubtful receivable	260,014.64			
Heilong Xinda New Energy Co., Ltd.	260,014.64			
Doubtful receivable				
Total	260,014.64			

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements as at December 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.7 Other receivable (Continued)

##### 8.7.3 Other receivable

##### 8.7.3.1 Details

Aging	Closing balance	Opening balance
Within 1, ea	320,542,406.67	1,434,548,213.88
1 - 2, ea	431,695,277.94	710,346,921.65
2 - 3, ea	473,604,212.51	80,383,014.45
Over 3, ea	483,950,287.58	454,017,409.30
<b>Total</b>	<b>1,709,792,184.70</b>	<b>2,679,295,559.28</b>
Less: Provision for bad deb	409,765,950.31	368,464,136.83
<b>Total</b>	<b>1,300,026,234.39</b>	<b>2,310,831,422.45</b>

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements ended December 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.7 Other receivable (Continued)

##### 8.7.3 Other receivable (Continued)

##### 8.7.3.2 Other receivable categorized by type

Category	Closing balance				Book value
	Book balance		Provision for bad debt		
	Amount	Provision (%)	Amount	Provision (%)	
Individual bad debt	1,422,555,489.93	82.2	198,110,869.91	13.93	1,224,444,620.02
Provision for bad debt accounted for by allowance	287,236,694.77	16.8	211,655,080.40	73.69	75,581,614.37
Individual allowance	287,236,694.77	16.8	211,655,080.40	73.69	75,581,614.37
Total	1,709,792,184.70		409,765,950.31		1,300,026,234.39

Category	Opening balance				Book value
	Book balance		Provision for bad debt		
	Amount	Provision (%)	Amount	Provision (%)	
Individual bad debt	2,409,481,396.77	89.93	189,315,053.46	7.86	2,220,166,343.31
Provision for bad debt accounted for by allowance	269,814,162.51	10.07	179,149,083.37	66.40	90,665,079.14
Individual allowance	269,814,162.51	10.07	179,149,083.37	66.40	90,665,079.14
Total	2,679,295,559.28		368,464,136.83		2,310,831,422.45

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

For the year ended December 31, 2023

## 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 8.7 Other receivable (Continued)

#### 8.7.3 Other receivable (Continued)

8.7.3.3 Other receivable from related parties are as follows:

The name of the organization	Book balance	Closing balance	
		Proportion of bad debt	Reconciliation proportion (%)
CSCEC MIDDLE EAST LLC and CSCEC MIDDLE EAST LLC	357,791,040.54		Decreased balance of 357,791,040.54
			Decreased balance of 357,791,040.54
			Decreased balance of 357,791,040.54

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements as at December 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.7 Other receivable (Continued)

##### 8.7.3 Other receivable (Continued)

8.7.3.3 Other receivable from related parties, accrued (Continued)

The name of the organization	Book balance	Closing balance	
		Proportion of bad debt	Realized proportion (%)
Hab Eec cMac ne, Fac , Eec ec d ca l d f , C a , X PaC E ee C .,Ld	10,515,676.92	10,515,676.92	100%
O e f e Ba f a ec Na a P e Pa. Ma a e e C a , ( )L ed	9,238,960.00	9,238,960.00	100%
O e f e Ba f a ec Na a P e Pa. Ma a e e C a , ( )L ed	7,262,439.32	6,913,655.83	95%
Ja n P e L ed	6,308,821.20		0%
Na a Eec c , C a , fMe c	6,055,804.97		0%
G ea Leade T e a P e ( )L d	5,551,189.99	971,242.64	17%
TURBINE PARTS MANUFACTURERS ALLLIAN	5,499,952.80	5,499,952.80	100%
Hab Sea T f b e P e Sa A f a , Mac ne, Ge e a Fac ,	4,861,479.49	4,861,479.49	100%
Hab Lef Ba Ec ca dTadeC .,L d GENEL MAKINA TICARET VE SANAYI A.S.	4,700,000.00		0%
Q da Jee e ece abe	4,661,939.20		0%
Q da Jee e ece abe	4,500,000.00	4,500,000.00	100%
Da L a W dP e C .,L d	3,920,000.00	3,920,000.00	100%

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

F 0, ea e ded Dece be 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.7 Other receivable (Continued)

##### 8.7.3 Other receivable (Continued)

##### 8.7.3.3 Other receivable from related parties, associates, and affiliates, accrued (Continued)

The name of the organization	Book balance	Closing balance		Rea on fo , p o i ion
		P o i ion fo , bad deb	E pec ed c o di lo a io p o i ion (%)	
C a E e , C c G f Ta Eec c P e C c C .,Ld	3,717,486.53			De e ed 0 ba f ec e ab ,
CCCC Sec d Hab E ee S f a d De l f e C .,Ld	3,710,934.64			De e ed 0 ba f ec e ab ,
GEG ba Pa & P d c G bH	3,700,219.92	3,700,219.92		De e ed 0 ba f ec e ab ,
Ba ade Eec c , De a e	3,427,398.28	3,427,398.28		De e ed 0 ba f ec e ab ,
P c a Tec n , l a d E C a , Da a P f e Ga S e C .,Ld	3,265,770.17	3,265,770.17		T 0 f e c n n
Ja n Ta ff Ad a ce	2,928,295.75			De e ed 0 ba f ec e ab ,
F f a M c a B f ea f C e ce a d P Hab l & E Tade a d Ta a C .,Ld	2,806,021.40			Acc fed d d f a , T 0 f e c n n
HABIB BANK LTD	1,885,500.00			De e ed 0 ba f ec e ab ,
C a C a S a Y f E e , C 0 ca C .,Ld	1,807,781.73	1,807,781.73		T 0 f e c n n
Ve a e e d n	1,711,798.72	1,711,798.72		l e e ced be ec e ed

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements ended December 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.7 Other receivable (Continued)

##### 8.7.3 Other receivable (Continued)

##### 8.7.3.3 Other receivable from related parties, accrued (Continued)

The name of the organization	Book balance	Closing balance	
		Proportion of bad debt	Expected proportion (%)
Bd B d	1,380,000.00		0
Hab T b e E f e Ge ea Fac ,	1,359,947.39	1,359,947.39	T e f e c n n
HABIB RAFIQ (PVT) LTD	1,337,875.38		De e ed e ba f e c e ab ,
Hab P e Z e Sea T b e E f e Pa Fac ,	1,223,712.04	1,223,712.04	T e f e c n n
WAPDA	1,106,120.76		De e ed e ba f e c e ab ,
Pe a e a, a	1,038,977.90		0
T a GALVANIZ IMALAT TAAH. SAN. e TIC. A.S.	1,024,022.32		De e ed e ba f e c e ab ,
SIATIGROUP	1,000,146.37		De e ed e ba f e c e ab ,
O e	103,480,849.32	8,675,790.06	
T a	1,422,555,489.93	198,110,869.91	

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

F 0, ea e ded Dece be 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.7 Other receivable (Continued)

##### 8.7.3 Other receivable (Continued)

8.7.3.4 Other receivable from related parties for bad debt allowance accounted for

Other receivable at the end of the reporting period

Aging	Closing balance			Opening balance		
	Book balance		Provision for bad debt (%)	Book balance		Provision for bad debt (%)
	Amount	Provision (%)		Amount	Provision (%)	
Within 1, ea	45,584,458.34	4.99	2,273,990.06	71,545,015.49	26.52	2,785,018.01
1-2, ea	3,657,961.80	24.45	894,439.01	17,085,610.59	6.33	4,271,402.65
2-3, ea	21,964,502.09	49.94	10,969,932.30	3,610,438.35	1.34	1,805,219.18
Over 3, ea	216,029,772.54	91.43	197,516,719.03	177,573,098.08	65.81	170,287,443.53
<b>Total</b>	<b>287,236,694.77</b>		<b>211,655,080.40</b>	<b>269,814,162.51</b>		<b>179,149,083.37</b>



## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements ended December 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.7 Other receivable (Continued)

##### 8.7.3 Other receivable (Continued)

8.7.3.5 Provisions for bad debts of other receivable accounted, recorded and reported in the consolidated financial statements

Provision for bad debts	Phase 1	Phase 2	Phase 3	Total
	Expected credit loss over the next 12 months	Expected credit loss over the next 12 months (no credit impairment occurred)	Expected credit loss over the next 12 months (credit impairment occurred)	
Opening balance	306,646,394.38		61,817,742.45	368,464,136.83
Transfer balance				
Added	260,974,424.56			260,974,424.56
Decreased				
Decreased				
Decreased				
Decreased				
Accrual	55,954,059.54		239,479.15	56,193,538.69
Transfer	-10,625,563.41		-4,526,850.90	-15,152,414.31
Reduction				
Write-off	-73,918.05			-73,918.05
Other	334,607.15			334,607.15
Closing balance	352,235,579.61		57,530,370.70	409,765,950.31

8.7.3.6 Provisions for bad debts recorded and reported

The provisions for bad debts are recorded and reported in the consolidated financial statements of RMB16,596,221.71.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

F 0, ea e ded Dece be 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.7 Other receivable (Continued)

##### 8.7.3 Other receivable (Continued)

##### 8.7.3.7 Other receivable accounts, effective the end

Entity name	Name of other receivable	Amount recognized	Reason for recognition	Wje-off procedure	Whether it is a related party transaction
S 0 0 C, de Be e a Ld	C 0 a ea	462,645.00	l ca be ec ed	B e a e f f 0 c a,	N
Z 0 0 S 0 f Ca C.,Ld	C 0 a ea	295,581.60	l ca be ec ed	B e a e f f 0 c a,	N
BDPe c 0 ca G f F a ce C.,Ld	C 0 a ea	150,000.00	l ca be ec ed	B e a e f f 0 c a,	N
Hab B 0 Tec 0, De e C.,Ld	C 0 a ea	139,116.00	l ca be ec ed	B e a e f f 0 c a,	N
C 0 a S 0 0 a l e a a E ee C.,Ld	C 0 a ea	78,200.00	l ca be ec ed	B e a e f f 0 c a,	N
Sae Ta a B e a f Hab De e Z e acc f	H ca	73,918.05	T 0 0, 0 bee ed f a, ea, a d 0 a f d ec ed 0 be e ff	B e a e f f 0 c a,	N
S 0 0 Fa Ea H 0 d H 0 Pe f e Va e C., Ld.Hab S f, Sa	C 0 a ea	56,000.00	l ca be ec ed	B e a e f f 0 c a,	N
Be G f da E ee Bdd C.,Ld	C 0 a ea	55,104.00	l ca be ec ed	B e a e f f 0 c a,	N
Ha 0 Ta E e a P ec E ee C.,Ld	C 0 a ea	26,032.50	l ca be ec ed	B e a e f f 0 c a,	N
C 0 0 Wa e P f Fac, P f Id f, Sae C., Ld	C 0 a ea	23,000.00	l ca be ec ed	B e a e f f 0 c a,	N
S 0, a Wa e P f Ma f fac C.,Ld	C 0 a ea	16,440.00	l ca be ec ed	B e a e f f 0 c a,	N
X a Fa da F e C.,Ld C 0 a ea	C 0 a ea	4,540.00	l ca be ec ed	B e a e f f 0 c a,	N

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

For the period ended December 31, 2023

Entity name	Number of shares
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## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

F 0, ea e ded Dece be 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.7 Other receivable (Continued)

##### 8.7.3 Other receivable (Continued)

##### 8.7.3.7 Other receivable accounts, effective date, etc. (Continued)

Entity name	Nature of other receivable	Amount recognized	Reason for recognition	W/je-off procedure performed	Whether it is related party transaction
Hab Le f l d f a De e e Ce e	C 0 a ea	970.00	l ca be ec ed	B e a e f f 0 c a,	N
Sae ed A e S e e a d Ad a C f He a P ca Pe e' G e e	C 0 a ea	739.20	l ca be ec ed	B e a e f f 0 c a,	N
Ga f Ke f a E ee Tec n , C f C ., Ld	C 0 a ea	200.00	l ca be ec ed	B e a e f f 0 c a,	N
S 0 0 Da a Ba c 0 Ga P e Ge ea C ., Ld	C 0 a ea	50.00	l ca be ec ed	B e a e f f 0 c a,	N
T a		1,397,864.09			

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements as of December 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.7 Other receivable (Continued)

##### 8.7.3 Other receivable (Continued)

##### 8.7.3.8 The following other receivable categories

Entity Name	Balance as of December 31, 2023	Provision (%)	Net Balance
China Construction Third Building Materials Co., Ltd. CSCEC MIDDLE EAST LLC	357,791,040.54	20.93	
Zhejiang T... (Year) ...	356,296,339.57	20.84	
... ..	123,641,676.19	7.23	70,145,293.31
... ..	35,260,195.10	2.06	661,170.05
... ..	26,872,940.28	1.57	26,872,940.28
<b>Total</b>	<b>899,862,191.68</b>	<b>52.63</b>	<b>97,679,403.64</b>

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

F 0, ea e ded Dece be 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.8 Financial a e p cha ed nde ag eemen o e ell

Item	Clo ing balance	O e ba a ce
Sec e , B		
T a	1,800,000,000.00	1,200,000,000.00
Le : ✓ f bad deb	45,000,000.00	30,000,000.00
T a	1,755,000,000.00	1,170,000,000.00

#### 8.9 In en o je

##### 8.9.1 Ca fca f e e

Item	Clo ing balance			O e ba a ce		
	Book balance	Pro ion fo, dep ecia ion	Book al e	B ba a ce	P ✓ f de eca	B a e
Ra a e a	3,871,784,575.55	226,181,010 k/T1 k/T1 1 T14.8 0 0 8. C75lance				

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements ended December 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.9 Invention (Continued)

##### 8.9.2 Patent fee, etc.

Item	Opening balance	Increased in the reporting period		Decreased in the reporting period			Closing balance
		Accrual	Other	Back	Reversing	Other	
Patent fee	273,048,897.24	42,612,876.95	695,049.60	14,679,617.60	46,639,478.34	28,856,705.05	226,181,022.80
Self-developed intangible assets	278,515,348.77	16,037,178.72		573,345.65	3,912,000.14	49,268,392.39	240,798,789.31
Software (intangible assets)	108,265,964.39	1,676,331.25	7,137,247.80	41,279,331.84	1,550,397.91	43,681,649.53	30,568,164.16
Trademark (intangible assets)	352,055.56	113,110.91				313,088.35	152,078.12
Other intangible assets	94,305,485.29	8,386,544.41					102,692,029.70
<b>Total</b>	<b>754,487,751.25</b>	<b>68,826,042.24</b>	<b>7,832,297.40</b>	<b>56,532,295.09</b>	<b>52,101,876.39</b>	<b>122,119,835.32</b>	<b>600,392,084.09</b>

#### 8.10 Contract

##### 8.10.1 Contract

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Used contract	4,228,230,467.88	872,378,423.54	3,355,852,044.34	4,410,030,983.46	997,304,444.40	3,412,726,539.06
Executed contract	4,709,267,353.23	328,156,266.12	4,381,111,087.11	5,173,999,788.71	276,911,777.92	4,897,088,010.79
<b>Total</b>	<b>8,937,497,821.11</b>	<b>1,200,534,689.66</b>	<b>7,736,963,131.45</b>	<b>9,584,030,772.17</b>	<b>1,274,216,222.32</b>	<b>8,309,814,549.85</b>

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements as at December 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.10 Consolidated Assets (Continued)

##### 8.10.2 Property, plant and equipment 2023

Item	Opening balance	Increased in the period	Decreased in the period	Closing balance
Useful life	997,304,444.40	215,962,520.47	330,977,820.74	882,289,144.13
Consolidated	276,911,777.92	123,820,957.21	82,487,189.60	318,245,545.53
Total	1,274,216,222.32	339,783,477.68	413,465,010.34	1,200,534,689.66

#### 8.11 Non-current liabilities

Item	Closing balance	Opening balance
Other liabilities	309,238.35	1,282,384.84
Long-term receivables	337,324,237.05	293,669,976.31
Total	337,633,475.40	294,952,361.15

#### 8.12 Other liabilities

Item	Closing balance	Opening balance
Estimated	225,000,000.00	290,000,000.00
Liabilities	464,826,783.76	349,006,924.66
Other	574,270.60	
Other liabilities	2,339,082,902.00	
Deferred	15,404,221.89	
Total	3,044,888,178.25	639,006,924.66



## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements as of December 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.13 Other debt instruments

Item	Original balance	Accrued interest	Carrying amount	Contractual balance	Contractual cash flows	Present value	Net
Balance			299,639,400.00				
Change							
Initial debt instrument							
Total			299,639,400.00				

#### 8.14 Long-term receivable

Item	Closing balance		Original balance	Present value	Discount rate (%)
	Book balance	Provision for impairment			
Financial asset	551,715,302.30	551,715,302.30	396,132,810.14	396,132,810.14	5.94-8.00
Asset: financial asset	65,638,853.15	65,638,853.15	26,640,117.91	26,640,117.91	5.94-8.00
Contract receivable	2,595,420.99	2,595,420.99	2,828,244.76	2,828,244.76	
Long-term receivable					
Total	554,310,723.29	554,310,723.29	398,961,054.90	398,961,054.90	

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

F 0, ea e ded Dece be 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.15 Long-term investments

##### 8.15.1 Cash and cash equivalents, etc

Item	Opening balance	Increased in the current period	Decreased in the current period	Closing balance
Investment in subsidiaries	3,000,000.00			3,000,000.00
Investment in equity	119,382,398.88	78,718,036.63		198,100,435.51
Investment in associates	342,746,273.93	419,925,188.88	19,358,337.65	743,313,125.16
Subsidiary	465,128,672.81	498,643,225.51	19,358,337.65	944,413,560.67
Leasehold intangible assets, etc	87,811,282.29			87,811,282.29
<b>Total</b>	<b>377,317,390.52</b>	<b>498,643,225.51</b>	<b>19,358,337.65</b>	<b>856,602,278.38</b>

##### 8.15.2 Long-term investments held

Investee	Change in the current period				Closing balance	Change in the current period	Declared to be distributed to the company	Other	Closing balance	Balance of impairment	
	Opening balance	Additional investment	Decreased investment	Proportion recognized in the period						December 31, 2022	Impairment provision
I. Investment in subsidiaries											
Shanghai Hadfield, Ltd	3,000,000.00				3,000,000.00				3,000,000.00		3,000,000.00
<b>Subtotal</b>	<b>3,000,000.00</b>				<b>3,000,000.00</b>				<b>3,000,000.00</b>		<b>3,000,000.00</b>
II. Investment in equity											
Hubei Ecogreen Gas Technology (Qinghai) Co., Ltd	117,382,398.88	30,179,200.00		3,538,836.63	151,100,435.51				151,100,435.51		
Beijing A-Cube Energy Equipment Co., Ltd	2,000,000.00	40,000,000.00			42,000,000.00				42,000,000.00		
Daxin Energy Co., Ltd		5,000,000.00			5,000,000.00				5,000,000.00		
<b>Subtotal</b>	<b>119,382,398.88</b>	<b>75,179,200.00</b>		<b>3,538,836.63</b>	<b>198,100,435.51</b>				<b>198,100,435.51</b>		

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements as of December 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.15 Long-term investments (Continued)

##### 8.15.2 Long-term investments in equity (Continued)

Investee	Change in the carrying amount								Closing balance	Balance of impairment allowance at December 31, 2022	Impairment provision
	Opening balance	Additional investments	Decreases in investments	Profit and loss recognized in the period	Closing balance	Change in the carrying amount	Declared dividends	Cash dividends			
Investee	Opening balance	Additional investments	Decreases in investments	Profit and loss recognized in the period	Closing balance	Change in the carrying amount	Declared dividends	Cash dividends	Closing balance	Balance of impairment allowance at December 31, 2022	Impairment provision
1. Investment in equity											
GE-Harbin Electric Service (Qingdao) Co., Ltd.	97,525,545.71			16,264,240.15			-11,421,944.00		102,367,841.86		
Harbin Electric Network Co., Ltd.	50,360,379.74	5,000,000.00		119,975.43			-5,269,316.80		50,211,038.37		
Lachuan Power Generation Co., Ltd.	116,179,000.00								116,179,000.00		84,811,282.29
Harbin Electric Equipment Co., Ltd.		501,099,951.40		33,891,174.84				-135,895,900.44	399,095,225.80		
Harbin Electric Hydroelectric Equipment Technology Development Co., Ltd.	7,835,412.45			330,591.13			-103,748.65		8,062,254.93		
Harbin Electric Equipment Co., Ltd.	4,249,262.28			346,819.33					4,596,081.61		
Shanghai Dea Sea Tube Pipe Co., Ltd.	45,043,765.65			-6,880,182.12					38,163,583.53		
Harbin Electric (Daha) Electric Power Development Co., Ltd.	10,120,264.61			120,238.98					10,240,503.59		
Harbin Electric Equipment Co., Ltd.	11,432,643.49			5,528,280.18			-2,563,328.20		14,397,595.47		
Subtotal	342,746,273.93	506,099,951.40		49,721,137.92			-19,358,337.65	-135,895,900.44	743,313,125.16		84,811,282.29
Total	462,128,672.81	581,279,151.40		53,259,974.55			-19,358,337.65	-135,895,900.44	941,413,560.67		84,811,282.29

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

F  , ea e ded Dece be 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.16 Other i in e men

##### 8.16.1 O e e  ,   e

Item	Clo ing balance	O e ba a ce
C �aU ed Hea � Ga T � b e Tec � , C �,Ld	132,000,000.00	132,000,000.00
Ja � Fe � d Ne E e , De a a Sea a e C �,Ld	30,000,000.00	30,000,000.00
He- a X a � da Ne E e , I � e C �,Ld	2,461,700.00	2,461,700.00
Be Q �a 3DP e E e e C �,Ld	400,000.00	400,000.00
Hab P e E � e L � c C �,Ld	1,000,000.00	1,000,000.00
J � Z � fe E e , C �,Ld	41,220,000.00	44,473,416.18
Ta- B � l d � , F � dMa a e e C �,Ld	20,000,000.00	20,000,000.00
X a Ge � �baDa � aWae C e � a � H � bDe � e C �,Ld	48,183,700.00	34,905,700.00
Ta B a N .14 E e e Ma a e e (L edPa e �)		1,718,984.80
C �aS � � P e G dE e , S a eC �,Ld	388,494,875.58	568,163,905.26
Ha-b Ne c � Pa D a Tec � , C �,Ld	10,000,000.00	10,000,000.00
X a J � Z � fe E e , C �,Ld	298,824.18	
X a Z � a J � E e , C �,Ld	2,954,592.00	
<b>T a</b>	<b>677,013,691.76</b>	<b>845,123,706.24</b>

##### 8.16.2 S fca e e  ,   e a e e d f e e d

Item	In e men co	The amo n of change in fai � al e acc m la ed h � gh o he � comp eh e i e income	Clo ing fai � al e
C �aU ed Hea � Ga T � b e Tec � , C �,Ld	132,000,000.00		132,000,000.00
C �aS � � P e G dE e , S a eC �,Ld	499,999,997.07	-111,505,121.49	388,494,875.58
<b>T a</b>	<b>631,999,997.07</b>	<b>-111,505,121.49</b>	<b>520,494,875.58</b>

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements ended December 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.17 In e m e n t a l e a e

Item	Opening balance	Increased in the current period	Decreased in the current period	Closing balance
I. Operating assets	278,103,387.24	228,335.26	17,254,900.79	261,076,821.71
1. Buildings	277,793,387.24	228,335.26	17,254,900.79	260,766,821.71
2. Land	310,000.00			310,000.00
II. Accrued liabilities	105,373,105.06	8,359,080.97	14,027,427.94	99,704,758.09
1. Buildings	105,300,254.64	8,352,880.98	14,027,427.94	99,625,707.68
2. Land	72,850.42	6,199.99		79,050.41
III. Capital	172,730,282.18			161,372,063.62
1. Buildings	172,493,132.60			161,141,114.03
2. Land	237,149.58			230,949.59
IV. Intangible assets				
1. Buildings				
2. Land				
V. Net capital	172,730,282.18			161,372,063.62
1. Buildings	172,493,132.60			161,141,114.03
2. Land	237,149.58			230,949.59

#### 8.18 Fixed assets

Item	Closing balance	Opening balance
Fixed assets	4,995,386,210.48	5,984,642,064.17
Deferred assets	92,299.14	213,616.88
Total	4,995,478,509.62	5,984,855,681.05

Note: Total fixed assets include deferred assets.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

F   , ea e ded Dece be 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.18 Fixed assets (Continued)

##### 8.18.1 B e a d f f e d a e

Item	O e b a a c e	Inc ea e d j ng he ea ,	Dec ea e d j ng he ea ,	Clo ing balance
I. O a b a e	16,029,713,555.55	579,542,635.03	2,235,488,451.01	14,373,767,739.57
B e d a d c e	5,654,105,558.40	94,183,340.67	588,135,797.86	5,160,153,101.21
Mac e, e e	8,659,232,975.40	363,890,146.34	1,564,795,589.20	7,458,327,532.54
T a a fac ,	349,102,003.71	12,579,817.63	9,174,409.87	352,507,411.47
Eec ce e	777,938,651.48	74,764,824.88	58,236,830.20	794,466,646.16
Offce e e a d e	589,334,366.56	34,124,505.51	15,145,823.88	608,313,048.19
II. Acc e e a e d e c a	9,994,028,936.15	625,313,005.85	1,288,669,098.33	9,330,672,843.67
B e d a d c e	2,144,889,146.05	180,706,272.71	144,409,584.22	2,181,185,834.54
Mac e, e e	6,493,558,308.45	364,649,132.81	1,078,893,858.66	5,779,313,582.60
T a a fac ,	317,298,808.89	6,307,394.43	8,560,077.98	315,046,125.34
Eec ce e	607,482,036.94	40,333,410.19	42,210,230.82	605,605,216.31
Offce e e a d e	430,800,635.82	33,316,795.71	14,595,346.65	449,522,084.88
III. Ca , a e	6,035,684,619.40	.	.	5,043,094,895.90
B e d a d c e	3,509,216,412.35	.	.	2,978,967,266.67
Mac e, e e	2,165,674,666.95	.	.	1,679,013,949.94
T a a fac ,	31,803,194.82	.	.	37,461,286.13
Eec ce e	170,456,614.54	.	.	188,861,429.85
Offce e e a d e	158,533,730.74	.	.	158,790,963.31
IV. I a e	51,042,555.23	494,302.45	3,828,172.26	47,708,685.42
B e d a d c e	12,344,563.98	.	275,159.09	12,069,404.89
Mac e, e e	37,503,169.10	347,579.56	3,553,013.17	34,297,735.49
T a a fac ,	1,150,808.70	.	.	1,150,808.70
Eec ce e	44,013.45	146,722.89	.	190,736.34
Offce e e a d e	.	.	.	.
V. Ne ca , a e	5,984,642,064.17	.	.	4,995,386,210.48
B e d a d c e	3,496,871,848.37	.	.	2,966,897,861.78
Mac e, e e	2,128,171,497.85	.	.	1,644,716,214.45
T a a fac ,	30,652,386.12	.	.	36,310,477.43
Eec ce e	170,412,601.09	.	.	188,670,693.51
Offce e e a d e	158,533,730.74	.	.	158,790,963.31

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements ended December 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.18 Fixed assets (Continued)

8.18.2 Fixed assets of the company are measured at cost less accumulated depreciation

Item	Book value	Reason for non-availability
Buildings	171,659,712.43	Part of the buildings are used for the company's operations and are not available for sale.

8.18.3 Depreciation

Item	Closing balance	Opening balance	Reason for change
Machinery and equipment	92,299.14	77,391.87	Acquired
Office equipment		136,225.01	Acquired
Total	92,299.14	213,616.88	





# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements as at December 31, 2023

## 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 8.19 Consolidation in progress (Continued)

#### 8.19.1 Classification of assets and liabilities

Unit: 10,000, Yuan

Project abbreviation	Budgeted amount	Other basic	Increase in the period	Amount transferred in the period	Other decrease in the period	Closing balance	Proportion of accumulated project income (%)	Project progress (%)	Including: Capitalization of project income (%)	
									Capitalization amount in the period	Proportion of project income (%)
Headquarters	16,698.02		10,287.58			10,287.58	62.00	62.00		Settlement
23472001Basic R&D	11,639.00		3,919.78			3,919.78	34.00	30.00		Settlement
22412018CNC	3,980.00	1,034.07	706.74			1,740.81	44.00	40.00		Settlement
22412017CNC	1,780.00	562.48	1,073.47			1,635.95	92.00	90.00		Settlement
Foreign	2,340.00	1,316.60	244.84	39.65		1,521.80	75.00	85.00		Settlement
200CNC	1,461.06	438.32	625.75			1,064.07	73.00	73.00		Settlement
22471002P	2,400.00		840.95			840.95	35.00	30.00		Settlement
2047203D	905.00	824.72	1.47			821.19	91.28	91.28		Settlement

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

F 0, ea e ded Dece be 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.19 Con c ion in p og e (Con in ed)

##### 8.19.2 E ee ae a

Item	Clo ing balance	O e ba a ce
Mac n e, a de t e	22,326,643.81	36,299,683.00
T a	22,326,643.81	36,299,683.00

#### 8.20 In angible a e

Item	O e ba a ce	Inc ea ed in he c en pe jod	Dec ea e in he c en pe jod	Clo ing balance
T a a ce	1,888,552,837.18	175,782,440.54	247,133,275.19	1,817,202,002.53
S f ae	189,210,558.42	55,365,069.24	39,270,000.00	205,305,627.66
La d t e n ae	837,260,688.93	111,610,533.05	22,231,891.02	926,639,330.96
N - ea, ec n	6,351,035.66	8,527,592.96		14,878,628.62
C ce	231,079,689.39	279,245.29	185,631,384.17	45,727,550.51
O e	624,445,532.55			624,445,532.55
	205,332.23			205,332.23
T a acc t a ed a a	987,961,734.17	85,921,000.63	205,164,446.71	868,718,288.09
S f ae	98,196,847.65	18,014,429.69	11,977,350.00	104,233,927.34
La d t e n ae	323,754,180.37	19,083,910.37	7,555,712.54	335,282,378.20
N - ea, ec n	3,773,561.79	363,658.81		4,137,220.60
C ce	204,598,921.80	-10,203,182.57	185,631,384.17	8,764,355.06
O e	357,638,222.56	58,780,398.16		416,418,620.72
		-118,213.83		-118,213.83
T a P v f ae	10,630,751.38			10,630,751.38

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements ended December 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.20 Intangible assets (Continued)

Item	Opening balance	Increased in the current period	Decreased in the current period	Closing balance
Software	2,137,376.41			2,137,376.41
Land use rights				
Patent				
Non-patented technology	8,402,511.71			8,402,511.71
Copyright				
Other	90,863.26			90,863.26
Total Intangible	889,960,351.63			937,852,963.06
Software	88,876,334.36			98,934,323.91
Land use rights	513,506,508.56			591,356,952.76
Patent	2,577,473.87			10,741,408.02
Non-patented technology	18,078,255.88			28,560,683.74
Copyright	266,807,309.99			208,026,911.83
Other	114,468.97			232,682.80

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Fø, eae ded Dece be 31, 2023

## 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 8.21 De elopmen e pendi e

P,ojec abbe ia ion	O e baace	Inc,ea ed in he c, en pe jod		Dec,ea e in he c, en pe jod			Clo ing balance
		In e nal de elopmen e pendi e	O he,	Recogni ed a an in angle a e	T,an fe,ed o p,ofi o,lo fo, he c, en pe jod	O he,	
D a ec	22,232,407.39		93,335,125.45	11,925,663.73	12,264,150.93	24,124,772.90	67,252,945.28
Hab Eec cC,,Ld.ERP P de ell ec e,uce c ac XXZX202009-031(HEI010005)	14,238,679.27						14,238,679.27
Re eac ad dde a f-e, ec n e f ad ad c e fca b d de e e, a.e	12,728,155.39						12,728,155.39
ERP P de el P ec Se,uce Fee-De e C f (S de de)C,,Ld-2018-KJGLB-HF-28	11,490,566.07			11,490,566.07			
De,pe e f fceae e b, a c a,pe	8,527,592.96			8,527,592.96			
Hab Eec cG f ERP P de ell Se,uce P ec	3,860,377.36		5,147,169.82				9,007,547.18
De,pe e f e c de ca n de dba b f e f, a,pe	1,419,145.70	1,670,671.02					3,089,816.72
Hab Eec cP e G f, Ma e Da a Ma a e e P de ell P ec	828,301.88						828,301.88
T de f de e f de c f e ea n a a e e, e f Hab Eec cG f	635,898.30		64,150.94				700,049.24
Hab Eec cP e G f, Sae- ed A e O e S f e, P a f (P de el) P ec	610,619.47		1,477,375.19				2,087,994.66
Ac n e a de ec c b f e d c f- e f a a f c f c ec-Be Z na Tec n, C,,Ld-2017-KJZLB-HT-10	171,180.01						171,180.01
Sae- ed a e f e, a d acc f ab, f a, e ec	113,309.74						113,309.74
R f e- f a, c a ce, c f a a ec			2,761,301.89				2,761,301.89
ERP Wa f, de ec			7,746,226.42				7,746,226.42
De,pe e f ea e ac c de a, e f fceae e f		797,582.68					797,582.68
De,pe e f f a f ec ca de a e f ea f b e b a a,pe		310,917.78					310,917.78
De,pe e f e c de ca a, d b f a,pe		3,226,775.39					3,226,775.39
Sae- ed ca a ec a d de	23,488,111.26		5,300,155.29	1,705,568.54	19,604,087.83		7,478,610.18
T a	100,344,344.80	6,005,946.87	115,831,505.00	33,649,391.30	31,868,238.76	24,124,772.90	132,539,393.71

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements ended December 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.22. Goodwill

Name of the investee	Opening balance	Increased in the reporting period	Decreased in the reporting period	Closing balance
Jingpu Zeji Electric Power Equipment Co., Ltd.	23,919,751.92			23,919,751.92
Harbin Electric Group Scientific and Technological Development Co., Ltd.		10,596,651.69		10,596,651.69
<b>Total</b>	<b>23,919,751.92</b>	<b>10,596,651.69</b>		<b>34,516,403.61</b>

#### 8.23 Long-term deferred expenses

Item	Opening balance	Increased in the reporting period	Amortization for the reporting period	Decreased in the reporting period	Closing balance
Deferred expenses	1,839,144.56		1,139,876.47		699,268.09
Reservations	434,916.07	3,849,818.49	539,085.55		3,745,649.01
<b>Total</b>	<b>2,274,060.63</b>	<b>3,849,818.49</b>	<b>1,678,962.02</b>		<b>4,444,917.10</b>

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Fø, eae ded Dece be 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.24 Defe ed income a a e and defe ed income a liabili e (Con in ed)

##### 8.24.1 Defe ed c e a a e e ff e

Item	Clo ing balance		O e ba a ce	
	Defe ed a a e /liabili e	Ded c ible/ Ta able empo a , diffe ence	Defe ed a a e / ab e	Ded c be /Ta ab e e a , dffe e ce
1. Defe ed c e a a e	625,356,125.13	4,166,987,009.20	723,805,905.84	4,829,831,105.15
P f a e a e	402,662,808.42	2,682,364,897.79	437,243,261.79	2,924,249,450.37
E aed ab e	144,965,672.39	966,437,815.93	266,296,843.88	1,770,476,320.37
Re ee e e e e e	7,254,655.36	48,364,369.04		
Ded c be e	2,204.96	14,699.76	2,205.00	14,700.00
C d e fa a e	29,698,630.28	197,990,868.58	963,511.22	6,423,408.10
Se a ce be ef	40,772,153.72	271,814,358.10	19,300,083.95	128,667,226.31
2. Defe ed c e a ab e	6,576,303.68	43,842,024.53	10,224,586.23	68,163,908.19
C d e e fa a e f e e e e e e , f e c d ed e c e e e e e e e ,	6,576,303.68	43,842,024.53	10,224,586.23	68,163,908.19

##### 8.24.2 T e b e a d f defe ed a a e e c ed

Item	Clo ing balance	O e ba a ce
Ded c be e	2,154,738,455.02	2,623,202,723.63
Ded c be e a , dffe e ce	2,685,428,796.15	2,578,730,772.11
T a	4,840,167,251.17	5,201,933,495.74

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements ended December 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.24 Deferred income tax assets and deferred income tax liabilities (Continued)

8.24.3. Deductible temporary differences related to deferred tax assets and liabilities

Year	Closing balance	Opening balance
2023		117,183,069.05
2024	890,421,843.15	880,172,410.45
2025	405,960,455.73	361,727,743.47
2026	16,672,652.45	3,066,885.25
2027	26,220,889.80	26,220,889.80
2028	62,370,979.40	104,895,373.17
2029	18,926,842.69	
2030	50,278,286.25	35,239,910.62
2031	934,839,100.25	930,156,472.17
2032	279,737,746.43	
Total	2,685,428,796.15	2,458,662,753.98

#### 8.25 Other non-current assets

Item	Closing balance	Opening balance
Debian Hardware Products Co., Ltd.	648,945,390.08	
Other receivables	76,831,047.22	30,305,158.52
Others	333,000.00	25,011.28
Total	726,109,437.30	30,330,169.80

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

F 0, ea e ded Dece be 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.26 Sho e m loan

Item	Clo ing balance	O e ba a ce
M a e b		10,000,000.00
G a a eed b		
B c ed	3,285,133,158.88	4,802,857,850.77
U d e e e a a be		
T a	3,285,133,158.88	4,812,857,850.77

#### 8.27 No e pa able

Item	Clo ing balance	O e ba a ce
Ba a ce a ce b	4,674,692,405.75	4,143,134,187.29
C e c a ce a ce b	1,471,592,766.36	2,905,327,909.26
T a	6,146,285,172.11	7,048,462,096.55



## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements as at December 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.28 Accounts payable

Age	Closing balance	Opening balance
Within 1 year	9,958,348,393.50	11,288,408,105.28
1-2 years	4,510,840,294.16	1,194,304,241.76
2-3 years	836,619,752.62	334,659,482.02
Over 3 years	896,452,875.31	979,293,887.87
<b>Total</b>	<b>16,202,261,315.59</b>	<b>13,796,665,716.93</b>

Significant accounts payable are as follows:

Name of creditor	Closing balance	Reason for failure of payment on due date
J.M.V. SE&C .KG	268,355,745.22	Trade accounts payable
China Eec, C. G. Ta Eec cP e C. Ld	164,500,354.04	Trade accounts payable
China Ta c e E e e C. Ld	159,506,420.37	Trade accounts payable
CCCCF Hab E ee S e a d De l e C. Ld	43,904,939.20	Trade accounts payable
GOKYOL INSAAT TURIZM TAAH.VE TICARET LTD.STI	36,531,238.83	Trade accounts payable
S d d B e Fac, C. Ld	32,023,567.00	Trade accounts payable
Da a H e a l d e, l e a a Tade C. Ld	29,111,152.30	Trade accounts payable
G e da NARI Tec n, C. Ld	28,925,444.90	Trade accounts payable
China Eec cP e E ee C. G. Z n a Eec cP e-De l e C. Ld	27,287,500.00	Trade accounts payable
P e C n a Be S e, De a d Re eac n e C. Ld	23,165,643.23	Trade accounts payable
China C. S e S e C e C. Ld	21,844,727.84	Trade accounts payable
CCCC Sec d Hab E ee S e a d De l e C. Ld	21,779,161.60	Trade accounts payable
H a n B e G e C. Ld	21,680,000.00	Trade accounts payable
C n ABB T a f e C. Ld	20,840,822.54	Trade accounts payable
China H e a d a S e e a d l d e, G e C. Ld	20,490,426.95	Trade accounts payable
N e a Eec cP e De l e f C n a Eec cP e E ee C. G.	20,147,453.11	Trade accounts payable
W e f e e e e e e e e C. Ld	18,111,621.14	Trade accounts payable
H ab G e a d P e Tec n, De e e C. Ld	17,212,050.00	Trade accounts payable
N e a l d e e G e C. Ld	16,934,673.02	Trade accounts payable

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements ended December 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.28 Accounts payable (Continued)

Statement of accounts payable as of December 31, 2023 (Continued)

Name of creditor	Closing balance	Reason for failure of payment on cash - forward
Qingdao Ocean Trade Co., Ltd	16,418,967.00	Trade payable
Beijing Geda Wae Co., Ltd	16,195,243.85	Trade payable
Jinpu Chemical Taian Taifan Energy Co., Ltd	15,394,782.52	Trade payable
Liannan Backflow Wae Refining Co., Ltd	15,312,303.26	Trade payable
Danpu Energy Gas Co., Ltd	15,267,458.80	Trade payable
Tianjin (Fujian) See Steel Co., Ltd	14,546,246.44	Trade payable
Shanghai Xinyi Energy Co., Ltd	14,285,104.77	Trade payable
Danfoss Energy Co., Ltd	13,800,000.00	Trade payable
Baotou Tecno, Ltd	12,017,627.41	Trade payable
Nanjing Taifan Co., Ltd	11,687,870.00	Trade payable
China Chemical Science and Engineering Co., Ltd	11,397,271.00	Trade payable
Chongqing Beibei Energy & Chemical Co., Ltd	10,553,080.46	Trade payable
Hubei Wafeng Energy Co., Ltd	10,543,000.00	Trade payable
Beijing ABB Energy Co., Ltd	10,092,724.42	Trade payable
Beijing Heavymetal Processing Co., Ltd	9,964,032.40	Trade payable
Anglo Pacific Cable Co., Ltd	9,759,356.21	Trade payable
Jiangsu Dafeng Energy Co., Ltd	9,659,595.06	Trade payable
ARABIAN COMPANY FOR WATER PIPE INDUSTRY LTD	9,587,825.01	Trade payable
Anglo Geda Cable Co., Ltd	9,467,811.11	Trade payable
Shandong Energy (Xinze) Steel Co., Ltd	9,405,021.66	Trade payable
Hebei Weida Heavy Machine Co., Ltd	8,968,690.80	Trade payable
Tianjin Vantage Steel Co., Ltd	8,894,869.43	Trade payable
China Energy Chemical Group Ningxia Energy Co., Ltd	8,612,784.63	Trade payable
Xinxiang Dale Energy Co., Ltd	8,550,000.00	Trade payable
TBEA Shandong Lufeng Cable Co., Ltd	8,426,289.00	Trade payable
Fujian Energy Equipment Co., Ltd	8,325,711.50	Trade payable
AGCO America Tecno (Shanghai) Co., Ltd	8,095,552.11	Trade payable

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements as of December 31, 2023

Name of company	Closing balance	Reason for failure of payment of accounts payable
Hebei Hefei Power Equipment Co., Ltd	7,560,058.50	Technical dispute
Liyea, Beijing Edifice Beie Electric Co., Ltd	6,980,593.57	Technical dispute
Harbin Sea Trench Equipment Co., Ltd	6,859,000.00	Dispute of debt settlement
Said Dac Afatelect Co., Ltd	6,709,303.85	Technical dispute
Jiangxi Dafatelect Power Equipment Co., Ltd	6,312,949.40	Dispute of debt settlement
Tianjin Ute	5,982,905.98	Technical dispute
China Wae Neta Seta, Dea	5,675,508.67	Dispute of debt settlement
Reeac Co., Ltd		Dispute of debt settlement
Harbin Seta Power Equipment Co., Ltd	5,546,351.43	Not settled
<b>Total</b>	<b>1,349,208,831.54</b>	

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

For the period ended December 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)



## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

F   , ea e ded Dece be 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.32 Emplo ee compen a ion pa able (Con in ed)

8.32.3 P e e a f def ed c b   a

Item	O e ba a ce	Inc pa ed in he c en pe jod	Dec pa e in he c en pe jod	Clo ing balance
Ba ced e fa ce e �		234,498,894.43	234,425,593.43	73,301.00
U e e fa ce e �	1,046.56	7,731,542.44	7,711,873.14	20,715.86
E e ea �, a e	231,610.84	73,100,381.85	73,331,992.69	
T a	232,657.40	315,330,818.72	315,469,459.26	94,016.86

#### 8.33 Ta e pa able

Item	O e ba a ce	Ta pa able	Ta paid	Clo ing balance
Va �e-added a	445,856,805.39	2,245,894,543.16	2,322,041,201.70	369,710,146.85
C ae c e a	4,952,587.11	115,628,149.45	105,291,529.14	15,289,207.42
C, c �c a d a e a ce a	17,369,822.30	55,861,825.80	55,706,645.84	17,525,002.26
P e, a	3,288,547.55	42,415,565.09	42,677,318.34	3,026,794.30
La d � e a	2,089,089.56	26,506,297.54	26,390,379.96	2,205,007.14
Id d �a c e a	13,830,438.04	41,474,156.46	42,416,749.72	12,887,844.78
Ed �ca �c � e (L ca ed �ca fee �c � e c �ded)	12,403,602.60	39,834,883.39	39,729,268.76	12,509,217.23
O �	156,371,272.33	3,819,471,696.17	3,886,246,144.48	89,596,824.02
T a	656,162,164.88	6,387,087,117.06	6,520,499,237.94	522,750,044.00

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements ended December 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.34 Other payable

Item	Closing balance	Opening balance
Interest payable	15,474,798.01	11,981,664.53
Dividend payable	2,773,165.24	3,482,983.73
Other payable	480,960,784.11	447,273,849.86
<b>Total</b>	<b>499,208,747.36</b>	<b>462,738,498.12</b>

Note: Other payable includes interest payable, dividend payable, and other payable.

#### 8.34.1 Interest payable

Item	Closing balance	Opening balance
Interest payable on bank deposits	4,436,778.04	43,058.53
Interest payable on bank loans	1,530,014.51	5,011,740.06
Other	9,508,005.46	6,926,865.94
<b>Total</b>	<b>15,474,798.01</b>	<b>11,981,664.53</b>

#### 8.34.2 Dividend payable

Item	Closing balance	Opening balance
Dividend payable	2,773,165.24	3,482,983.73
<b>Total</b>	<b>2,773,165.24</b>	<b>3,482,983.73</b>

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements as at December 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.34 Other payable (Continued)

##### 8.34.3 Other payable

###### (1) Breakdown of other payable by nature

Item	Closing balance	Opening balance
Client Payable	218,730,363.84	264,900,069.41
Liability due to	27,883,384.31	44,829,966.60
Debtors, etc., due to, etc.	163,852,553.78	74,670,568.29
Fund for, by, etc.	23,736,445.70	18,759,566.97
Balance due to	9,265.57	
Retained earnings, due to, etc.	27,847,311.15	18,350,580.49
Warrant Earnings	3,395,753.77	
Other	15,505,705.99	25,763,098.10
<b>Total</b>	<b>480,960,784.11</b>	<b>447,273,849.86</b>



## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements ended December 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.34 Other payable (Continued)

##### 8.34.3 Other payable (Continued)

(2) Other payable related to the company, etc.

Item	Closing balance	Realization
Zhijiang Technology (Yan'an) Limited	30,000,000.00	Trade payable
Nanjing Gaige Co., Ltd.		Trade payable
Fujian Jiaxing, Ltd.	18,440,590.85	Trade payable
Liaoning Baicun Chemicals Co., Ltd.	8,475,460.63	Trade payable
Harbin Heilongjiang Electric Equipment Co., Ltd.		Trade payable
Harbin Power Technology, Ltd.	7,350,000.00	Trade payable
Harbin Electric Power Co., Ltd.	4,540,449.84	Trade payable
Harbin Electric Co., Ltd.		Trade payable
Defective parts	3,345,753.77	Trade payable
Harbin Electric Co., Ltd.		Trade payable
Harbin Electric Co., Ltd.	2,423,125.17	Trade payable
Harbin Electric Co., Ltd.		Trade payable
Harbin Electric Co., Ltd.	2,293,800.00	Trade payable
Harbin Electric Co., Ltd.		Trade payable
Harbin Electric Co., Ltd.	1,962,180.74	Trade payable
Harbin Electric Co., Ltd.		Trade payable
Harbin Electric Co., Ltd.	1,500,000.00	Trade payable
Harbin Electric Co., Ltd.		Trade payable
<b>Total</b>	<b>80,331,361.00</b>	

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

F 0, ea e ded Dece be 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.35 Non-current liabilities maturing within one year

Item	Closing balance	Opening balance
Lease liabilities	1,073,498,269.83	376,797,151.00
Lease liabilities	1,072,847.60	25,263,157.88
<b>Total</b>	<b>1,114,672,500.76</b>	<b>402,060,308.88</b>

#### 8.36 Other current liabilities

Item	Closing balance	Opening balance
Deferred tax liabilities	6,005,602.35	35,452,401.56
Other	6,376,147.07	
<b>Total</b>	<b>12,381,749.42</b>	<b>35,452,401.56</b>

#### 8.37 Long-term borrowing

Item	Closing balance	Opening balance	End Period Interest Rate (%)
Mortgage	275,183,498.72	275,300,760.40	
Guaranteed	18,029,000.00	495,490,660.00	
Borrowed	1,454,769,229.80	1,621,112,553.43	
<b>Total</b>	<b>1,747,981,728.52</b>	<b>2,391,903,973.83</b>	

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements as of December 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.38 Lease liabilities

Item	Closing balance	Opening balance
Lease liability	13,063,712.12	127,214,385.95
Lease liability: U.S. dollar denominated	983,852.28	13,530,175.42
Lease liability: Renminbi denominated	1,072,847.60	25,263,157.88
Net lease liability	11,007,012.24	88,421,052.65

#### 8.39 Long-term payable

Item	Opening balance	Increased in the current period	Decreased in the current period	Closing balance
Long-term payable	2,682,102.42	30,000,000.00	393,192.67	32,288,909.75
Secured payable	19,419,794.29			19,419,794.29
Total	22,101,896.71	30,000,000.00	393,192.67	51,708,704.04

Note: The long-term payable is denominated in U.S. dollars and Renminbi.

#### 8.39.1 The 5-year term loan payable

Item	Closing balance	Opening balance
Total	32,288,909.75	2,682,102.42
Amount: Habeco Group Co., Ltd.	1,000,000.00	1,000,000.00
Amount: PV of lease liability	1,288,909.75	1,682,102.42
Amount: Financial Lease Co., Ltd.	30,000,000.00	

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements ended December 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.39 Long-term payable (Continued)

8.39.2. The following table shows the balance of the long-term payable

Item	Original balance	Increased in the current period	Decreased in the current period	Closing balance
Total	13,975,241.79			13,975,241.79
1. Interest	4,552,892.77			4,552,892.77
2. Secured debt, fee	3,922,349.02			3,922,349.02
3. Principal Secured Debt, C (CIMSPEC)	3,000,000.00			3,000,000.00
4. Deferred debt provision	2,500,000.00			2,500,000.00

#### 8.40. Long-term employee compensation payable

Item	Original balance	Increased in the current period	Decreased in the current period	Closing balance
1. Pension benefit defined benefit plan	237,932.06	44,197.60	7,406.19	274,723.47
2. Deferred compensation	338,643,109.58	6,808,148.76	31,831,965.10	313,619,293.24
3. Other deferred compensation	6,611,046.92		610,151.73	6,000,895.19
Total	345,492,088.56	6,852,346.36	32,449,523.02	319,894,911.90

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements ended December 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.41 Estimated liabilities

Item	Closing balance	Opening balance
Provision for doubtful accounts	128,100,000.00	
Provision for warranty	281,470,679.32	239,265,039.41
Provision for other	1,026,596,867.39	1,710,678,836.36

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

F  , ea e ded Dece be 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.43. O he ,non-c  en liabili e

Item	Clo ing balance	O e ba a ce
F ad e e e c ac	86,485,747.09	6,423,408.10
T a	86,485,747.09	6,423,408.10

#### 8.44 Paid in capital

In e o ,	Opening balance		I c ea e �, ea d �	Dec ea e �, ea d �	C ba a ce	
	In e men	Pe ,en age (%)			I � e	Pe ce a e (%)
Hab Eec c G � C ,Ld	1,030,952,000.00	60.41	529,753,000.00		1,560,705,000.00	69.79
O � ea ed a d adabe �e	675,571,000.00	39.59			675,571,000.00	30.21
T a	1,706,523,000.00	100.00			2,236,276,000.00	

#### 8.45 Capital  e ,e

Item	O e ba a ce	Inc �a ed in he c ,en pe jod	Dec �a e in he c ,en pe jod	Clo ing balance
1. Ca �a e � (ca �a c �e � )	4,298,019,065.66	1,170,247,000.00	7,020,975.85	5,461,245,089.81
2. O � ca �a e e �e	40,717,926.46		5,160,745.58	35,557,180.88
T a	4,338,736,992.12	1,170,247,000.00	12,181,721.43	5,496,802,270.69
Of � �E c � �e ae ed ca �a e e �e				

- Notes:
- T   cea e ca  a e e  e f   c   e e d   ca  a cea e f Hab Eec c G   C ,Ld.   C  a , ,  a cea e f RMB1,170,247,000.00;
  - C   d   Sa a Tec   , C ,Ld., a   b da , , a   da ed a d ca ce ed, ed  c   ca  a e e  e b   RMB7,450,975.85;
  - Hab B e Fac , C ,Ld., a   b da , , cea ed  e e f 10  ,  a   b da , , J Ze   E   e a P ec E ee C ,Ld., a f     e e c   d ed   ca  a e e  e a ca  a e   . T   a a b   abe ,  e   de a ed   ced b   RMB4,730,745.58.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements ended December 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.46. Safe deposit fee

Item	Opening balance	Incurred in the reporting period	Decreased in the reporting period	Closing balance	Note
Safe deposit fee	45,479,801.06	27,938,752.21	25,929,184.91	47,489,368.36	
Total	45,479,801.06	27,938,752.21	25,929,184.91	47,489,368.36	

#### 8.47. Staff fee

Item	Opening balance	Incurred in the reporting period	Decreased in the reporting period	Closing balance
Staff fee	888,849,702.10	58,262,331.23	48,547,835.82	898,564,197.51
Director fee		58,252,161.76		58,252,161.76
Total	888,849,702.10	116,514,492.99	48,547,835.82	956,816,359.27

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements ended December 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.48. Undistributed profits

Item	Year 2023	Year 2022
Undistributed profits of the equity holders, before adjustment	4,698,595,292.71	4,679,669,917.68
Adjustment of distributed profits of the equity holders		
Undistributed profits of the equity holders after adjustment	4,698,595,292.71	4,679,669,917.68
Accumulated other comprehensive income	574,760,038.85	98,638,427.66
Accumulated other comprehensive income: Net investment other comprehensive income	58,262,331.23	79,713,052.63
Decreas ed other comprehensive income	10,239,138.00	
Accumulated other comprehensive income: Tax effects		
Tax effects		
Tax effects on cash and cash equivalents		
Other	109,087,234.98	
Undistributed profits of the equity holders	5,255,688,935.55	4,698,595,292.71



## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements ended December 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.49 Operating expenses and operating costs

Information on expenses

Industry classification	Industry composition	Year 2023		Year 2022	
		Revenue	Expenses from cost	Revenue	Expenses from cost
New energy	Cable	8,013,583,440.19	7,248,441,743.23	6,834,068,488.60	5,914,634,155.35
	Hydro	3,443,631,421.03	2,999,444,187.19	2,752,832,540.92	2,303,474,417.35
	Nuclear	2,489,877,777.98	1,818,147,786.78	1,275,700,589.70	933,816,987.00
	Gas	1,143,663,716.85	1,082,272,376.83	613,728,809.10	584,807,963.85
	Wind			9,021,826.45	27,612,667.77
	Solar	51,743,362.80	47,431,962.13	33,292,035.40	33,920,773.90
	Other	604,348,228.53	532,263,110.12	227,340,324.13	283,320,326.00
	Subtotal	15,746,847,947.38	13,728,001,166.28	11,745,984,614.30	10,081,587,291.22
Grid	Electricity	703,229,246.25	660,673,871.98	1,217,459,982.48	1,260,058,029.41
Construction	Building, construction, etc.	5,905,260,082.54	5,712,761,336.25	5,157,594,026.31	5,090,994,262.34
EPC	EPC	3,792,971,009.91	3,630,947,336.84	3,147,200,189.88	3,028,236,332.07
Manufacturing	Electronics, Data, Finance & Service	2,202,381,302.16	1,431,484,515.44	3,170,444,809.44	2,163,112,241.22
Other	Service and other	490,174,679.28	557,215,012.42	205,110,593.39	156,375,560.68
Total		28,840,864,267.52	25,721,083,239.21	24,643,794,215.80	21,780,363,716.94

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

F 0, ea e ded Dece be 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.50. Ne in e e income

Item	Year 2023	Year 2022
<b>I. In e e income</b>	<b>409,448,104.81</b>	340,467,199.43
1. De e e e	335,655,497.54	235,024,808.66
2. De e ed n e Ce a Ba e	13,231,196.64	11,057,900.61
3. Le d e e d	1,750,000.00	41,858,888.89
4. La a da da ce a e ade	6,093,538.71	19,130,289.70
A e e : e a a a da da ce		
C e a e a a da da ce	2,814,976.43	262,611.02
B d c e	3,278,562.28	18,867,678.68
5. B e a d e bac fa ca a e	38,451,413.99	33,341,789.14
6. B d e e		
7. O e	14,266,457.93	53,522.43
A e e : e e c e a ed		
fa ca a e		
<b>II. In e e e pen e</b>	<b>15,755,333.62</b>	15,449,717.68
1. I e ba e de e		
2. B e f e Ce a Ba e		966,743.62
3. S e e d	262,500.00	225,000.00
4. Ab b de e	15,492,762.73	12,555,815.48
5. Se a d e e c e fa ca a e		1,702,139.17
6. I e a ce fb d		
7. O e	70.89	19.41
<b>III. Ne in e e income</b>	<b>393,692,771.19</b>	325,017,481.75

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements ended December 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.51. Net income from fee and commission

Item	Year 2023	Year 2022
<b>I. Net income from fee and commission</b>	<b>37,524.20</b>	
1. Service and Charge Fee		
2. Agency fee		
3. Credit Fee and Charge		
4. Card fee		
5. Credit card fee		
6. Credit card fee and charge, etc.		
7. Other	<b>37,524.20</b>	
<b>II. Handling fee and commission expense</b>	<b>200,036.62</b>	77,557.00
1. Handling fee expense	<b>200,036.62</b>	77,557.00
2. Credit card		
<b>III. Net fee and commission income</b>	<b>-162,512.42</b>	-77,557.00

#### 8.52. Tax and charge

Item	Year 2023	Year 2022
Urban Maintenance and Construction Tax	<b>55,736,466.20</b>	41,370,717.36
Education fee and charge	<b>35,400,318.58</b>	20,480,729.13
Local education fee and charge	<b>11,357,250.55</b>	9,060,967.51
Land use tax	<b>24,997,255.40</b>	23,258,654.33
Property tax	<b>42,203,432.62</b>	47,657,467.51
Land use tax	<b>26,002,525.43</b>	27,140,519.43
Vehicle and vessel fee and charge	<b>76,230.40</b>	65,065.00
Other	<b>107,215.21</b>	246,719.81
<b>Tax</b>	<b>195,880,694.39</b>	169,280,840.08

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements ended December 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.53. Selling expense

Item	Year 2023	Year 2022
Executive salaries	323,780,382.43	299,181,176.62
Quarterly Administrative Fee	117,140,198.61	183,814,178.56
Travel expense	55,897,415.31	42,457,996.04
Share	2,333,857.66	10,887,894.81
Accounting fee	26,713,147.05	20,461,049.85
Employee financial aid	8,166,666.21	20,626,635.02
Contract fee	8,874,636.70	17,618,087.46
License	204,733.16	59,617.07
Operational expense	1,610,032.62	2,023,290.42
Office expense	2,103,327.22	2,457,139.95
Entertainment fee	1,949,216.21	30,438.33
Advertising	394,089.97	1,905,919.78
Other	72,997,884.49	22,382,016.78
<b>Total</b>	<b>622,165,587.64</b>	<b>623,905,440.69</b>

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements ended December 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.54 General and administrative expenses

Item	Year 2023	Year 2022
Employee salaries	809,616,283.08	677,270,751.96
Fixed assets, building depreciation	1,233,874.03	70,344.65
Depreciation of intangible assets	117,005,656.05	142,034,089.92
Research	132,236,740.61	110,418,676.67
Confidence fee	32,662,309.70	25,995,012.24
Service Charge Fee	11,591,368.38	21,118,200.62
Office expenses	26,078,097.82	22,176,074.13
Employee welfare	4,854,017.20	4,538,568.50
Material	17,488,496.48	7,615,075.15
Utilities	5,976,389.18	9,630,438.64
Heating	1,390,795.88	2,719,302.06
Security	474,587.19	6,140,649.66
Business entertainment	18,786,219.59	12,871,271.55
Employee Security, Fixed Payment	3,189,840.18	8,306,546.42
Fee for insurance	19,003,923.51	13,675,918.59
Advertising	1,285,565.29	3,871,141.75
Contract fee	11,886,591.30	6,851,074.67
Transportation fee	831,761.70	3,319,789.78
Interest	9,707,915.66	51,325,704.95
Lease	2,153,617.95	1,379,253.09
Technical staff fee	6,513,135.83	
Bad Debt Fee	546,399.10	313,067.68
Security fee	6,755,990.64	6,158,931.09
Others	319,765,558.86	157,526,782.63
Total	1,561,035,135.21	1,295,326,666.40

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements ended December 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.55 Research and development expenditure

Item	Year 2023	Year 2022
Research and development expenditure	998,625,593.36	726,641,980.52
Total	998,625,593.36	726,641,980.52

#### 8.56. Finance Cost

Item	Year 2023	Year 2022
Interest expense	200,366,923.11	243,366,883.60
Lease interest expense	28,172,075.43	39,853,821.40
Net exchange rate	72,767,678.05	-91,282,588.56
Bank charges	49,563,606.73	26,718,955.38
Others	5,124,630.44	-3,842,731.94
Total	299,650,762.90	135,106,697.08

#### 8.57. Other Income

Item	Year 2023	Year 2022
Government subsidies	231,352,604.79	148,370,309.20
Total	231,352,604.79	148,370,309.20

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

For the period ended December 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.57. Other Income (Continued)

Grouped by the following categories

Item	Year 2023	Year 2022
Revenue-related income	231,352,604.79	132,438,753.99
Asset-related income		15,931,555.21
<b>Total</b>	<b>231,352,604.79</b>	<b>148,370,309.20</b>

#### 8.58. Items of income

Category of income	Year 2023	Year 2022
Income from the sale of assets, including the disposal of long-term investments, etc.	53,259,974.55	10,692,995.08
Income from the disposal of long-term investments, etc.		
Income from the disposal of long-term investments, etc.	167,625,561.18	
Income from the disposal of long-term investments, etc.	25,444.68	6,642.15
Income from the disposal of long-term investments, etc.	3,284,806.31	1,602,139.58
Income from the disposal of long-term investments, etc.	533,725.44	12,839,281.78
Income from the disposal of long-term investments, etc.		
Income from the disposal of long-term investments, etc.	29,337,499.12	7,904,589.03
Income from the disposal of long-term investments, etc.	182,732.89	6,134,552.66
<b>Total</b>	<b>7,848,492.31</b>	
<b>Total</b>	<b>262,098,236.48</b>	<b>39,180,200.28</b>

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

F 0, ea e ded Dece be 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.59. Fair Value Gain

The source of fair value change gain	Year 2023	Year 2022
Trade receivables	3,149,819.44	789,659.16
Total	3,149,819.44	789,659.16

#### 8.60. Credit impairment losses

Item	Year 2023	Year 2022
Bad debts	550,353,577.06	-387,371,253.69
Losses on the sale of fixed assets		55,800,000.00
Others	1,283,787.50	
Total	551,637,364.56	-331,571,253.69

#### 8.61. Asset impairment losses

Item	Year 2023	Year 2022
Losses on the disposal of long-term assets	-70,973,815.79	-118,753,348.55
Losses on the disposal of intangible assets	28,166,983.22	179,553,156.13
Losses on the disposal of investment properties	-494,302.45	-1,608,130.21
Losses on the disposal of other assets		-1,210,800.86
Total	-43,301,135.02	57,980,876.51



## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

For the period ended December 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.62. Gain on disposal of assets

Item	Year 2023	Year 2022	The amount included in the non-operating profit or loss for the year
Gain on disposal of assets	2,908,649.88	2,785,668.86	
Gain on disposal of intangible assets			
<b>Total</b>	<b>2,908,649.88</b>	<b>2,785,668.86</b>	

#### 8.63. Non-operating income

Item	Year 2023	Year 2022	The amount included in the non-operating profit or loss for the year
Gain on disposal of assets	8,829,166.32	1,783,370.68	8,829,166.32
Gain on disposal of intangible assets	5,495,376.15	9,590,163.94	5,495,376.15
License fee	37,268,000.00		37,268,000.00
Net income from other sources		12,937,479.45	
Others	1,003,430.00	9,646,185.73	1,003,430.00
<b>Total</b>	<b>38,235,442.94</b>	<b>22,213,484.36</b>	<b>38,235,442.94</b>
<b>Total</b>	<b>90,831,415.41</b>	<b>56,170,684.16</b>	<b>90,831,415.41</b>

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements ended December 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.63. Non-operating income

1. *Deafness-related income*

Item	Year 2023	Year 2022
Confidentially disclosed	13,985,714.31	9,590,163.94
Total	13,985,714.31	9,590,163.94

#### 8.64. Non-operating expense

Item	Year 2023	Year 2022	The amount included in the non-operating profit or loss for the year
Liabilities related to - confidential	3,855,848.28	3,479,061.12	3,855,848.28
Provision for - Deductions, including - expenses, including - confidential	128,100,000.00		128,100,000.00
Penalty	18,394,728.27		18,394,728.27
Other	15,276,448.30	2,616,718.85	15,276,448.30
Total	165,627,024.85	6,095,779.97	165,627,024.85

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements ended December 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.65. Income and expense

Item	Year 2023	Year 2022
Operating income	107,053,952.28	61,180,112.09
Deferred income	46,569,442.45	15,168,301.92
Total	153,623,394.73	76,348,414.01

Additional income and expense items:

Item	Year 2023
Interest income	769,006,746.36
Income from the sale of assets, disposal of subsidiaries	115,351,011.95
Effect of exchange rate fluctuations	34,178,308.30
Effect of the change in the fair value of financial assets	40,143,552.70
Effect of the change in the fair value of financial liabilities	-93,370,468.36
Effect of the change in the fair value of derivatives	46,046,433.68
Effect of the change in the fair value of derivatives	11,957,918.89
Other income from the disposal of assets / other income	29,699,714.07
Additional income and expense items	-30,383,076.50
Income	153,623,394.73





## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

F 0, ea e ded Dece be 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.66 Supplemental information on the statement of cash flow (Continued)

8.66.1 Additional information on the statement of cash flow (Continued)

Item	Year 2023		
	Pre-amount	Income amount	Net amount after
7. Cash flow effect of effective tax rate change (Effect of tax rate change)			
Le: Operating expense reduced by tax effect of the tax rate change	80,062,339.00	12,009,350.85	-68,052,988.15
T: Additional tax expense			
Le: Tax expense	-80,062,339.00	-12,009,350.85	-68,052,988.15
8. Tax difference effect	-3,867,091.36		-3,867,091.36
Le: Tax expense			
Le: Tax expense	-3,867,091.36		-3,867,091.36
9. Tax			
Le: Operating expense reduced by tax effect of the tax rate change			
Le: Tax expense			
Le: Tax expense			
III. Tax expense	-185,545,993.09	-7,410,160.72	-178,135,832.37



# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Fø, eae ded Dece be 31, 2023

## 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 8.66 Supplemental information on the statement of cash flow (Continued)

8.66.1 Adf e f e e f f e a ac e e a e e f ca f  
(C ed)

Item	Year 2022	
	Pe-a a f	c e a Ne a f afe a
3. Ga e c d e fa a fe fa a abe- f - aef a ca a e Le : O e c e e e e c f ded e e f e d a a fe ed f e c f e e d f b a		
4. T e a f f f a ca a e a a e ca fed e c e e e e c e Le : O e c e e e e c f ded e e f e d a a fe ed f e c f e e d f b a		
5. Hed- - a f e e a e ca fed a a e a a abe-f - aef a ca a e Le : O e c e e e e c f ded e e f e d a a fe ed f e c f e e d f b a		
6. O e ced a e f deb e e Le : O e c e e e e c f ded e e f e d a a fe ed f e c f e e d f b a		



## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements ended December 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.66 Supplemental information on the statement of cash flow (Continued)

8.66.1 Additional information on the statement of cash flow (Continued)

Item	Period	Year 2022	
		Current	Non-current
7. Cash and cash equivalents (Effect of cash and cash equivalents)			
Le: Operating activities	6,423,408.10	963,511.22	5,459,896.88
Le: Investing activities			
Le: Financing activities			
Total			
Beginning	-6,423,408.10	-963,511.22	-5,459,896.88
8. Tax difference effect	6,663,718.45		6,663,718.45
Le: Tax expense			
Le: Tax benefit			
Beginning	6,663,718.45		6,663,718.45
9. Other			
Le: Operating activities			
Le: Investing activities			
Le: Financing activities			
Beginning			
III. Tax expense	57,526,136.31	-1,138,711.22	58,664,847.53

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

For the period ended December 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements ended December 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.67 Supplemental information on the statement of cash flows (Continued)

8.67.1 Additional information on the statement of cash flows (Continued)

Item	Year 2023	Year 2022
2. Supplemental information on the statement of cash flows Cash and cash equivalents Cash and cash equivalents at the beginning of the period Cash and cash equivalents at the end of the period		
3. Net change in cash and cash equivalents End of the period Beginning of the period Net change in cash and cash equivalents End of the period Beginning of the period Net change in cash and cash equivalents	17,364,232,108.35 16,276,554,185.93 1,087,677,922.42	16,276,554,185.93 12,620,970,173.01 3,655,584,012.92

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.67 Supplementar information o he a emen of ca h flo (Con in ed)

8.67.2 Bead fca 'a dca 'e f\_ae

Item	Year 2022	Year 2021
I. Ca n	17,364,232,108.35	16,276,554,185.93
I cfd :ca n d d	741,771.46	3,095,219.73
U e cedba de	2,871,731,353.08	2,005,559,718.63
O e f e cedca 'a dca 'e f_ae	27,797,810.69	75,804,770.88
U e cedde ce a ba	25,306,576.06	23,822,553.24
De ba ad e f a ca f	14,438,654,597.06	14,168,271,923.45
La ba ad e f a ca f		
II. Ca 'e f_ae		
I cfd :b d e e a f n 'ee n		
III. E d baa ce fca 'a dca 'e f_ae	17,364,232,108.35	16,276,554,185.93
I cfd :ca 'a dca 'e f_ae e cedf f eb,		
e a e c a, f b da e e G f		

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements ended December 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.68 Monetary items in foreign currencies

Item	Balance in foreign currencies December 31, 2023	Exchange rate conversion	Balance of RMB converted December 31, 2023
Monetary items			840,701,455.14
In kind:			
USD	59,563,653.62	7.08	421,954,330.06
Euro	52,335,322.29	7.86	411,313,764.94
HKD	99,004.89	0.89	88,114.35
Pakistani Rupee	141,082,274.00	0.03	3,541,165.08
Bahraini Rial	3,239,195.49	1.47	4,747,040.99
Dharm	1,074,336.33	1.94	2,078,840.80
Lao			
Burmese Kyat	1,942,006.92	0.07	137,494.09
Sri Lankan Rupee	1,783,305.32	0.01	21,043.00
US Dollar	246,483,663.28	0.00	147,890.20
Pakistani Rupee	612,586.85	0.88	541,343.00
IDR	428,206.31	0.42	179,075.88
VND	3,192,709.00	0.00	957.81
Tamil Nadu	2,899,941.51	0.24	697,435.93
Accrual receivable			756,400,742.43
In kind:			
USD	104,024,216.46	7.08	736,761,875.13
Euro	791,805.90	7.82	6,193,347.39
Bahraini Rial	5,105,160.75	1.47	7,481,613.08
Pakistani Rupee	235,595,182.17	0.03	5,913,439.07
Sri Lankan Rupee	1,285,856.05	0.01	15,173.10
IDR	70,589,327.00	0.00	35,294.66
Subtotal			
In kind:			
Euro			

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements ended December 31, 2023

### 8. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8.69 Assets held for sale, disposal and other

Item	Closing book value	Cause of Limitation
Machinery, fixed	1,313,084,448.88	Balance accepted as a collateral for bank deposit
Fixed assets	64,263,918.72	Net
Intangible assets	22,571,428.01	Net

Note: In 2014, Habo Electric Machinery, Factory, (Zhejiang) Co., Ltd. and Baofeng Chemical Co., Ltd. Zhejiang Branch entered into a cooperation agreement, namely: (1) On July 17, 2017, the factory entered into a cooperation agreement with Baofeng Chemical Co., Ltd. Branch, with the cooperation agreement number 150319582E14061201-3, with the cooperation agreement number 29, with the factory providing a guarantee of RMB937,700.00 for the factory. Since September 2, 2016, the factory has provided a guarantee for the factory; (2) The factory provided a guarantee for the factory with the cooperation agreement number 150319582E14061201-2, with the cooperation agreement number RMB54,967,600.00; (3) The factory provided a guarantee for the factory with the cooperation agreement number 150319582E14061201-1, with the cooperation agreement number 21, \$991,830.00 for the factory. At the same time, the factory provided a guarantee for the factory with the cooperation agreement number 150319582E14061201-2, with the cooperation agreement number 1, 2017, and the factory provided a guarantee for the factory with the cooperation agreement number 150319582E14061201-1, with the cooperation agreement number 1, 2017.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements as at December 31, 2023

### 9. EQUITY IN OTHER ENTITIES

#### 9.1 Equity in subsidiaries

##### 9.1.1 Schedule of investments

Subsidiary	Main business place	Registration place	Business nature	Shareholding ratio (%)	Method of acquisition		Subsidiary
					Direct	Indirect	
Hab Be Pa C., Ltd	Hab	Hab	China	100%	100		Shareholding
Hab Eec cMac e, Fac, C., Ltd	Hab	Hab	China	100%	100		Shareholding
Hab Sea T b eFac, C., Ltd	Hab	Hab	China	100%	100		Shareholding
Hab Eec cle a a E ee C., Ltd	Hab	Hab	Partnership, Ec ad, T e, ec	100%	100		Shareholding
Hab Eec cP e Ge ea E e Na a E ee Re ea c Ce e C., Ltd	Hab	Hab	China	75%	75		Shareholding
Hab Eec cP e Tec n, adTadeC., Ltd ( e1)	Hab	Hab	China	Equity	55.55	44.32	Shareholding
Hab Eec cG e (Q da da) Hea E e C., Ltd ( e2)	Q da da	Q da da	China	100%	34.15	65.38	Shareholding
Hab Eec cP e G e Hab P e Sa Va e C., Ltd ( e3)	Hab	Hab	China	Majority	45		Shareholding

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

For the year ended December 31, 2023

S b idia ,	Main b ine place	Regi a ion place	B ine na e	Sha eholding a io (%)	Me hod of ac i i ion Di ec	Indi ec	S b idia ,
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# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements as of December 31, 2023

## 9. EQUITY IN OTHER ENTITIES (CONTINUED)

### 9.1 Equity in subsidiaries (Continued)

#### 9.1.1 Significant subsidiaries (Continued)

Subsidiary	Main business place	Registration place	Business nature	Shareholding ratio(%)	Method of acquisition	Subsidiary
Hab Eec cP e G f B a P e Ge ea (De p)C .,Ld	De p	De p	C na	B a e e ea	100	e e
Hab Eec cMae a C ., Ld	Hab	Hab	C na	B e e ce	100	e e
Hab Eec cSce ce a d Tec n , C .,Ld	Hab	Hab	C na	Sce ce a d ec n , a d a ca e ce	100	e e

The following are the subsidiaries:

C D fa , Da B , D H a , D We e , Ga We f , Ga Z e , H La p , H a G a , J, Ja L f , Ja Q a , J C a fa , L C a , L C p , L Wed , L K fa a , L f L , L Y a , L Z na , L X e e , L Z na , Q X a , Q A , Q We , S Xa fa , S Z a , f a , S Z n , Wa G f , Wa Qa a , Wa S e , Wa We , Wa Xa p , Wa Ya , XeJ d , X f f f , X Q , X Y , X e We , Ya M p , Ye X , Y L , Z a Je, Z a L n , Z a La b , Z a X f , Z a C n , a , Z e Fa e , Z H fa , ec.

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Finnish, as at December 31, 2023

## 9. EQUITY IN OTHER ENTITIES (CONTINUED)

### 9.1 Equity in subsidiaries (Continued)

#### 9.1.1 Significant subsidiaries (Continued)

Entity's financial statements are prepared on a consolidated basis, as follows:

1. The entity's significant subsidiary is Tech, Ltd. 55.55% owned, subsidiary, 27.77% owned, subsidiary, Hab Eec cle a a E ee C., Ltd., a subsidiary, 5.56% owned, subsidiary, Hab Eec c Mac ne, Pa C., Ltd., Hab B e Pa C., Ltd. and Hab Sea T b e Pa C., Ltd., and 99.87% owned subsidiary, as detailed below.
  2. The entity's significant subsidiary is P e G (Q Pa da) Hea E e C., Ltd. 34.15% owned, subsidiary, Hab Eec c Mac ne, Fac, C., Ltd., Hab B e Pa C., Ltd. and Hab Sea T b e Pa C., Ltd., the subsidiary of C., eac ned 21.95% of the, and C., ned 99.53% of the as detailed below.
  3. The entity's significant subsidiary is Sa Va e C., Ltd. of Hab Eec c P e G 45% of the, the and 45% of the, because the, the acc f e a d f b a d e be, f c e.
  4. The entity's significant subsidiary is Hab Eec c G F a ce C., Ltd. 55.00% owned, subsidiary, 18.00% owned, subsidiary, Hab Eec cle a a E ee C., Ltd., a subsidiary, 6.00% owned, subsidiary, Hab Eec c Mac ne, Pa C., Ltd., Hab B e Pa C., Ltd. and Hab Sea T b e Pa C., Ltd., and 90.87% owned, subsidiary, as detailed below.
- Based on the information provided, the entity's significant subsidiaries are as follows:
5. The entity's significant subsidiary is Had P Pal d e, and Tade C., Ltd. 60% owned, subsidiary, the ned c f d e d e c e f c da d e f da a d e f c a.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements ended December 31, 2023

### 9. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 9.1 Equity in subsidiaries (Continued)

##### 9.1.2 Investment - non-controlling interests

Name of subsidiary	Minority holding ratio (%)	Proportion of shares held	Dividend declared to minority shareholders during the period	Balance of minority interest at the end of the period	
				Amount	Number
Harbin Electric Power Generation and Supply Co., Ltd.	55.00	16,051,970.30	7,406,047.52	273,201,089.68	
Harbin Electric Generation and Supply Co., Ltd.	9.00	13,419,979.14	5,989,697.12	211,451,610.32	

##### 9.1.3 Key facts and figures - non-controlling interests

Item	Closing Balance/Amount Incurred in the Period	
	Harbin Electric Power Generation Co., Ltd.	Harbin Electric Generation Finance Co., Ltd.
Investment	1,241,853,718.84	20,079,045,078.65
Net income	211,542,597.73	2,016,985,864.10
Dividend	1,453,396,316.57	22,096,030,942.75
Change in value	855,234,948.03	19,608,041,056.39
Net change in value	37,533,317.72	329,488.11
Total	892,768,265.75	19,608,370,544.50
Other	874,091,464.64	471,208,554.46
Net	29,941,914.90	164,177,496.50
Total	29,941,914.90	215,279,609.00
Carrying amount	45,936,799.23	747,132,717.54

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

F e b r u a r y 28, 2024

### 9. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 9.1 Equity in subsidiaries (Continued)

##### 9.1.3 Key financial ratios - net assets (continued)

Item	December 31, 2023	
	Balance Sheet	Statement of Financial Position
Net assets	1,065,913,768.37	16,265,230,210.55
Non-current assets	134,809,664.69	2,687,297,106.14
Trade receivables	1,200,723,433.06	18,952,527,316.69
Current assets	669,676,127.25	16,602,711,546.65
Non-current liabilities	33,784,728.72	353,433.18
Trade payables	703,460,855.97	16,603,064,979.83
Other liabilities	780,101,106.78	388,758,433.97
Net equity	29,185,400.55	149,110,879.37
Total equity	29,185,400.55	148,585,279.37
Capital contribution	44,265,519.87	3,948,292,860.33

#### 9.2 Investment in joint ventures

##### 1. Investment in joint ventures

The name of the joint venture	The main place of business	Place of incorporation	Business nature	Shareholding ratio (%)		Accounting method
				Direct	Indirect	
GE-Hab P e E e , S e u c e (Q u a d a ) C . , L d	Q u a d a	Q u a d a	E e , e u c e	41		E f , e n d
H a b E e c c G e e a G a T f b e (Q u a d a ) C . , L d	Q u a d a	Q u a d a	M a f a c t	50		E f , e n d

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements ended December 31, 2023

### 9. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 9.2 Investment in joint ventures (Continued)

##### 1. Investment in joint ventures (Continued)

##### (1) Investment in joint ventures

Item	Closing Balance/Amount Incurred in the Period	
	GE-Harbin Power Energy Service (Qinhangdao) Co., Ltd	Harbin Electric General Gas Turbine (Qinhangdao) Co., Ltd
Investment	248,234,348.06	768,728,000.00
Non-current assets	103,534,336.28	19,565,000.00
<b>Total</b>	<b>351,768,684.34</b>	<b>788,293,000.00</b>
Current liabilities	101,924,081.49	468,370,000.00
Non-current liabilities	0	17,723,000.00
<b>Total liabilities</b>	<b>101,924,081.49</b>	<b>486,093,000.00</b>
Investment in joint ventures		
Equity attributable to shareholders	249,844,602.85	302,200,000.00
Shareholders' equity	102,436,287.17	151,100,000.00
Investment in joint ventures	102,367,841.86	151,100,435.51
Investment in joint ventures		
Other receivables	333,449,922.04	1,156,110,000.00
Net assets	39,835,818.18	7,543,000.00
Net assets		
Other receivables		
Tax receivables	39,835,818.18	7,543,000.00
Debt received by shareholders		
Debt received by shareholders		

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Fø, eae ded Dece be 31, 2023

## 9. EQUITY IN OTHER ENTITIES (CONTINUED)

### 9.2 In e e in join en e o, a oia e (Con in ed)

#### 1. I a e e e a cae (C ed)

##### (1) T e a f a c a f a f a e e a cae (C ed)

Item	O e Ba a ce/Pe e Pe d A e	
	GE-Ha b P e E e , Se ce (Q a da ) C ., L d	Ha b Eec c Ge e a Ga T e b e (Q a da ) C ., L d
L e da e	253,240,033.57	808,600,398.47
N -c e a e	96,644,591.60	22,792,860.32
<b>Total a e</b>	<b>349,884,625.17</b>	<b>831,393,258.79</b>
C e ab e	112,016,020.71	595,503,307.70
N -c e ab e		1,125,153.34
<b>Total liabili e</b>	<b>112,016,020.71</b>	<b>596,628,461.04</b>
M , e e		
E e , a b e a e e de f e a e c a ,	237,868,604.46	234,764,797.75
S. e f e a e ba ed e d a A d e	97,526,127.83	117,382,398.88
T. ca , a e fa e e , e e a e e a cae	97,525,545.71	117,382,398.88
T e fa a e fa e e , e e f e n e a b c, e d ffe		
O e a c e	319,410,932.53	22,678,405.01
N e f	45,769,668.09	-27,097,626.55
N e f f d c e d e a		
O e c e e e c e		
T a c e e c e	45,769,668.09	-27,097,626.55
D e d e e e d b e c a , e c e e d e e a cae	18,262,895.77	

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements ended December 31, 2023

### 9. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 9.2 Investment in joint venture companies (Continued)

1. Investment in joint venture companies (Continued)

(2) Investment in joint venture companies

Item	Closing Balance/ Amount Incurred in the Period	Opening Balance/ Period End
Investment in joint venture companies	423,488,240.80	166,539,379.70
Investment in joint venture companies	244,121,724.40	6,549,065.30
Investment in joint venture companies	244,121,724.40	6,549,065.30

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

F 0, ea e ded Dece be 31, 2023

## 10. RISK DISCLOSURE IN RELATION TO FINANCIAL INSTRUMENTS

T 0C a, face a f f aca . 0c f e f ea ced ., a e ad f d, .T 0 B ad fD ec f 0C a, f e bef 0dee a f a a e e bec e ad ce, a da f e f a e e b, f a a e e bec e ad ce.T 0C a, e a ad a a f d a a e e ce ad ced e a de f d 0A f d C ee.

T 0 ea bec e f 0C a, a a e e e ab a a a e e c, d e . f e d e, affec 0C a, c e e e a d e e ce.

### (1) Credit risk

Ced e fe 0 . d e a, a f aca f e fa e f b a , e f f aca e 0 0 a, .T 0C a, a, e ed c f e ced . ca f e d b, ced ae .Bef e e e a e c ac, 0C a, a e 0ced . f 0 e c f e, c f d e e a ced a a d, e ca e, ba e fe e ce ( 0 n f a a a be).T 0 C a, d e a ced f eac e, 0 n 0 a f a f d e e f e add a a .

T 0c a, e f e d 0c a, e a ced . n a a a e a b e a e n f n f a e, f e c f e ced a a d n e e f acc f e ce a b e a a a, .W 0 0ced . f c f e , 0 a e f ed acc d 0 ced c d ace c .C e ca f e d a -'H 'R e a e a ced 0 R e ced C f e L a d a , b e a ed ced f f f e e d f bec add a a , 0 e 0 f b e e f ed a e 0c e d a e ad a ce.

### (2) Market risk

Ma e f f aca f e e fe 0 . d 0 fa a f e f f e ca n f f aca f e f f c f a e d e c d e a e ce, c f d f e e c d e , e e a e ad 0 ce .

### (3) Interest rate risk

I e e a e e fe 0 . d 0 fa a f e f f e ca n f a f aca f e f f c f a e d e c d e a e e e a e .A f Dece be 31, 2023, 684,597,100, f a f 0C a, e e a b a e f a a e b , a e e a e a e f 2.8%-4.4%, a d f de 0 a f d 0 a a b e e a f c d ed, e a a b e c d e e e a e 0 ea f ca ac 0C a, a f a d d e n de e f , .



## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements as of December 31, 2023

### 10. RISK DISCLOSURE IN RELATION TO FINANCIAL INSTRUMENTS (CONTINUED)

#### (4) Foreign exchange risk

The Company's foreign exchange risk arises from the fact that the Company's revenue is denominated in US dollars, Hong Kong dollars and British pounds, etc., while the Company's expenses are denominated in US dollars, Hong Kong dollars and British pounds, etc., and the Company's assets and liabilities are denominated in RMB.

#### (5) Liquidity risk

The Company's liquidity risk arises from the fact that the Company's assets and liabilities are denominated in different currencies. The Company's assets are denominated in US dollars, Hong Kong dollars and British pounds, etc., while the Company's liabilities are denominated in RMB. The Company's liquidity risk is managed by the Company's financial department.

The Company's liquidity risk is managed by the Company's financial department.

Item

Whin 1 ea

#### Financial Assets and Liabilities:

Monetary assets	18,677,316,557.23
Non-monetary assets	975,331,805.68
Accrued liabilities	7,161,224,594.18
Other liabilities	1,333,103,510.85
Bank deposits	1,755,000,000.00
Share-based payments	3,285,133,158.88
Other liabilities	6,146,285,172.11
Accrued liabilities	16,202,261,315.59
Employee share-based payments	803,131,335.59
Other liabilities	499,208,747.36
Non-current liabilities	1,114,672,500.76
Other liabilities	12,381,749.42

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements as at December 31, 2023

## 11. DISCLOSURE OF FAIR VALUE

### (1) Financial instruments measured at fair value

The Company, at the end of the reporting period, has the following financial instruments measured at fair value as at December 31, 2023 and 2022 as follows. The following table provides a breakdown of the fair value of the financial instruments measured at fair value as follows:

Level 1: Items measured at fair value using quoted prices in active markets for identical assets or liabilities;

Level 2: Items measured at fair value using observable inputs other than quoted prices in active markets for identical assets or liabilities;

Level 2 (continued): 1) Items measured at fair value using quoted prices in active markets for similar assets or liabilities, 2) Items measured at fair value using observable inputs other than quoted prices in active markets for identical assets or liabilities, 3) Items measured at fair value using unobservable inputs, 4) Items measured at fair value using unobservable inputs.

Level 3: Items measured at fair value using unobservable inputs.

### (2) Measurement of fair value at the end of the period

#### 1. Other financial instruments

Item	Closing fair value			
	Level 1	Level 2	Level 3	Total
Tadabef acaae	603,149,819.44			603,149,819.44
Other debt				
Level 2 (continued): 1) Items measured at fair value using quoted prices in active markets for similar assets or liabilities, 2) Items measured at fair value using observable inputs other than quoted prices in active markets for identical assets or liabilities, 3) Items measured at fair value using unobservable inputs, 4) Items measured at fair value using unobservable inputs.	388,494,875.58	288,518,816.18		677,013,691.76
Other receivable				
<b>Total</b>	<b>991,644,695.02</b>	<b>288,518,816.18</b>		<b>1,280,163,511.20</b>

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements ended December 31, 2023

### 12. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

#### (1) The parent company of the Company

Name of the parent company	Place of incorporation	Name of business	Registered capital (10,000, £a)	Shareholding in the Company (%)	Proportion of voting rights of the Company (%)
Harbin Electric Group Co., Ltd	Harbin	Manufacturing and trade of electrical equipment	200,000.00	69.79	69.79

#### (2) Founding shareholders and joint venture and associate, please refer to Note 9 (1) Investment in Subsidiary and 9 (3) Investment in Joint Venture of Associate.

#### (3) Other related parties

Other related party name	Relationship between the other related party and the Company
Harbin Harbin Electric Ltd. Design Institute Co., Ltd	Subsidiary
Harbin Harbin Harbin Ltd. Design Institute Co., Ltd	Subsidiary
Harbin Harbin Applied Technology Design Institute Design Institute Co., Ltd	Subsidiary
Harbin Saha Bridge Service Co., Ltd	Subsidiary
Harbin Electric Group Acetylene Reagent Co., Ltd	Subsidiary
Jiangsu Electric Machinery Factory, Co., Ltd	Subsidiary
Harbin Electric Group Jiangsu Electric Co., Ltd	Subsidiary
Harbin Electric Power Equipment Building Engineering Co., Ltd (Fujian) Co., Ltd	Subsidiary
Harbin Electric Group Liaoning Trade Co., Ltd	Subsidiary
Harbin Electric Power Equipment Harbin Electric Machinery Service Co., Ltd	Subsidiary
Harbin Electric Group Machinery Electrical Equipment Co., Ltd	Subsidiary

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements ended December 31, 2023

### 12. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### (4) Related party transactions

The transactions between the Company, and related parties are as follows:

1. The Company has provided services to the related parties, and the related parties have provided services to the Company, including the following:

2. The Company has provided services to the related parties, and the related parties have provided services to the Company.

The Company, and Hab Eec cG f C., Ltd. and E f ed Ma a e e C ac Jf, 23, 2019, F a ca Se ce Fa e . A ee e Dece be 24, 2019 and P d f c a d Se ce Fa e . A ee e Dece be 24, 2019. T ab e a ee e a e a d f Ma c 23, 2019 Ma c 22, 2022, Dece be 31, 2019 Dece be 30, 2022, and Ja fa, 1, 2020 Dece be 31, 2022. O Ma c 25, 2022, C a, e e ed E f ed Ma a e e A ee e Hab Eec cG f C., Ltd., f a d f Ma c 23, 2022 Ma c 22, 2025.

O Dece be 20, 2022, C a, e e ed F a ca Se ce Fa e . A ee e Hab Eec cG f C., Ltd., f a d f Dece be 31, 2022 Dece be 30, 2025.

O Dece be 20, 2022, C a, e e ed P d f c a d Se ce Fa e . A ee e Hab Eec cG f C., Ltd., f a d f Ja fa, 1, 2023 Dece be 31, 2025.

O Se e be 22, 2023, C a, e e ed P d f c a d Se ce Fa e . A ee e Hab Eec cP e Ge e a E f e Na a E ee Re eac Ce e C., Ltd., f a d f Se e be 22, 2023 Dece be 31, 2025.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

For the period ended December 31, 2023

### 12. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### (4) Related party transactions (Continued)

##### 2. Continued Transactions and Related Party Transactions

##### (1) Transactions with Related Parties

Related party	Amount incurred in the reporting period	Amount of related party transactions
Settlement		
- Current liabilities	14,466,232.78	35,131,958.60
- Accounts		
Settlement		
- Current liabilities	21,306,854.58	33,802,499.57
- Accounts		
Service fees		
- Current liabilities		
Service fees payable		
- Current liabilities	75,978,124.68	51,791,886.84

The transactions mentioned above are transactions (1) arising from the normal course of business operations of the Company and its subsidiaries, and (2) conducted on an arm's length basis.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Fø, eae ded Dece be 31, 2023

### 12. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

**(4) Related party transaction (Continued)**

2. C f C eced Ta ac ad Reaed Pa, Ta ac (C f ed)

(2) Lee ad ede

Related party	Amount incurred in the reporting period	Amount incurred
Hidc a,	9,609,367.06	6,524,884.29
C ae f de ea ec	1,398,282.54	1,214,050.07
<b>T a</b>	<b>11,007,649.60</b>	<b>7,738,934.36</b>

(3) Lee cef e f ed a

Related party	Amount incurred in the reporting period	Amount incurred
C ae f de ea ec	6,337,017.58	5,503,734.27
<b>T a</b>	<b>6,337,017.58</b>	<b>5,503,734.27</b>

T ea ac b ae f de ea ec ab ea ac (2) (3)  
 ae a ac f de ea C f C eced Ta ac . Fa ca Se ce Fa e .  
 A ee e a da ec f c eced a ac f de C ae 14A f ea L Re .

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements ended December 31, 2023

### 12. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### (4) Related party transaction (Continued)

2. Continued Transaction with Related Party Transaction (Continued)

(4) Executive remuneration

Related party	Description of related party transaction	Amount included in the current period	Amount of related party transaction
Harbin Electric Group Co., Ltd.	Executive remuneration	3,280,000.00	3,280,000.00
Total		3,280,000.00	3,280,000.00

Transaction (4) above is a transaction with related party Harbin Electric Group Co., Ltd. in accordance with Article 14A.33 of the Listing Rules.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

F 0, ea e ded Dece be 31, 2023

### 12. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### (4) Related party transaction (Continued)

2. C 0 C eced Ta ac a d Re a ed Pa , Ta ac (C 0 ed)

(5) T 0 d 0 a d e 0 ce E ee e ea c 0 be e

Related party	Amount incurred in the reporting period	Amount settled during the period
T 0 C a , a d 0 b da e 0 de d 0 c a d e 0 ce 0 Hab Eec c P e Ge ea E 0 e Na a E ee Re ea c 0 Ce e C ., Ld	0.00	0.00
Hab Eec c P e Ge ea E 0 e Na a E ee Re ea c 0 Ce e C ., Ld 0 de d 0 c a d e 0 ce 0 C a , a d 0 b da e	21,964,150.94	29,471,226.47

T 0 a ac 0 Hab Eec c P e Ge ea E 0 e Na a E ee Re ea c 0 Ce e C ., Ld., Ta ac (1) ab 0 e a a ac 0 de 0 C 0 C eced Ta ac . P d 0 c a d Se 0 ce Fa e . A ee e , 0 0 a c 0 c eced a ac 0 de C 0 e 14A f 0 L R 0 e. T 0 a 0 c 0 ed 0 e 0 e d a 0 a ac 0 de 0 Tec 0 , De 0 e Fa e . A ee e e eed be ee 0 C a , a d Hab Eec c P e Ge ea E 0 e Na a E ee Re ea c 0 Ce e C ., Ld A . 27, 2020.

(6) Re 0 ea 0 d ec , 0 e 0 a d e a a e e

T 0 e 0 ea 0 feac 0 Dec , S 0 e 0 a d Se Ma a e e 2023 a f :

name	Wage and other benefits	Reimbursement of benefits	Total
1. Dec			
(1) E ec 0 e D ec			
M. Ca Z 0 a			
M. H 0 a We (A . ed Ma 2023)	360,288.00	27,171.84	387,459.84
M. Z 0 Y a	561,000.00	37,036.80	598,036.80
M. W 0 We 0 (He e ed Ma 2023)	303,028.00	12,345.60	315,373.60
E ec 0 e D ec S 0 b a	1,224,316.00	76,554.24	1,300,870.24
(2) N -E ec 0 e D ec			



## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements ended December 31, 2023

### 12. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### (4) Related parties and transactions (Continued)

2. *Cash received from related parties* (Continued)

(6) *Related parties' receivables* (Continued)

name	Wage and other benefits	Retirement benefit plan contribution	Total
(3) <i>Individuals: N-Electronics</i>			
M. He Y	100,000.00		100,000.00
M. He J	80,000.00		80,000.00
D. Tang	80,000.00		80,000.00
M. Pan (Audited Accounts 2023)			
M. Cheng (Hee ed Accounts 2023)			
<hr/>			
<i>Subsidiaries: N-Electronics</i>			
Electronics	260,000.00		260,000.00
<hr/>			
2. <i>Shareholders</i>			
M. Li We	562,450.00	37,036.80	599,486.80
M. Zhang J	967,056.00	33,816.96	1,000,872.96
M. Yang Y	755,770.00	37,036.80	792,806.80
M. Zhang X	808,412.00	37,036.80	845,448.80
<hr/>			
<i>Subsidiaries</i>	3,093,688.00	144,927.36	3,238,615.36

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

F 0, ea e ded Dece be 31, 2023

### 12. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

**(4) Related party transaction (Continued)**

2. C 0 C eced T a ac a d Re a ed Pa , T a ac (C 0 ed)

(6) Re 0 e a f d ec , 0 e a d e a a e e (C 0 ed)

name	Wage and o he ,benefi	Re i ,emen benefi plan con j b ion	To al
3. Se a a e e			
M . L ,Z 0 a	565,808.00	37,036.80	602,844.80
M . S 0 T	565,808.00	37,036.80	602,844.80
M . D 0 X a	501,996.00	37,036.80	539,032.80
M . Q 0 X a	937,978.00	37,036.80	975,014.80
M . Wa G 0	1,079,452.00	37,036.80	1,116,488.80
M . Y 0 L	1,515,574.00	37,036.80	1,552,610.80
C 0 D 0 (A ed A 0 2023)	127,700.00	12,345.60	140,045.60
M . E (C a , Sec e a , )	562,400.00	37,036.80	599,436.80
S 0 b a f e a a e e	5,856,716.00	271,603.20	6,128,319.20
T a	10,434,720.00	493,084.80	10,927,804.80

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements ended December 31, 2023

### 12. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### (4) Related parties and transactions (Continued)

2. *Company's related transactions with related parties* (Continued)

(6) *Related parties' remuneration* (Continued)

As of December 31, 2023, the remuneration of the directors, supervisors, and senior management of the Company is as follows:

S.N.	Position	Wage and other benefits	Remuneration of the benefit plan	Total
3	Director, General Manager of Harbin Electric Company Limited	1,001,465.00	33,936.00	1,035,401.00
4	Director, Secretary of the Board, General Manager of Harbin Electric Macroeconomic Research Center, Company Limited	959,962.00	37,036.80	996,998.80
5	Chief Technician of Harbin Electric Company Limited	916,246.00	37,036.80	953,282.80
Total		2,877,673.00	108,009.60	2,985,682.60

The remuneration of the directors, supervisors, and senior management of the Company is determined according to the remuneration system of the Company.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

F 0, ea e ded Dece be 31, 2023

### 12. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### (4) Related party transaction (Continued)

##### 3. Receivable and payable related party

##### (1) Payable receivable related party (C)

The name of the project	Related party	Closing balance		Opening balance	
		Book balance	Provision, bad deb	Bad deb	Provision, bad deb
Account receivable					
	Jakarta Electronic Co., Ltd	57,292.00		663,292.00	
	Hab Electronic Group of Companies Electronic Co., Ltd	13,500.00		443,500.00	
	Hab Electronic Group of Companies (F&A) Co., Ltd	441,507.50		5,000,000.00	
	Hab Electronic Group of Companies	656,275.40			
Payable					
	Jakarta Electronic Co., Ltd	38,400.00		46,000.00	
	Hab Electronic Group of Companies	41,601,454.02			
	Hab Electronic Group of Companies (F&A) Co., Ltd	5,000,000.00			
	Hab Indonesia Development Co., Ltd	10,328,023.60			
	Hab Andalas Development Co., Ltd	613,700.00			
Other receivable					
	Hab Electronic Group of Companies, Ltd			154,650,000.00	
	Hab Indonesia Development Co., Ltd	618,178.04		166,292.55	
Other payable					
	Hab Indonesia Development Co., Ltd	85,000,000.00		150,000,000.00	
	Hab Electronic Group of Companies, Ltd	140,000,000.00			
Contract					
	Hab Electronic Group of Companies, Ltd	11,589,815.15			
Other receivable					
	Hab Indonesia Development Co., Ltd	142,986.11		174,166.67	
	Hab Electronic Group of Companies, Ltd	123,637.50			

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

For the period ended December 31, 2023

### 12. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### (4) Related party transactions (Continued)

##### 3. Receivable and payable related party (Continued)

##### (2) Payable related party (Continued)

The name of the project	Related party	Closing balance	Opening balance
Accounts payable	Hab Eec cG f C.,Ld	949,525,798.24	476,469,505.25
	Hab Eec cldf aDepe e C.,Ld	5,719,761.64	5,193,558.63
	Hab ldf aDepe e C.,Ld	5,954,079.68	3,871,263.75
	Ja f Eec cMac e, Fac , C.,Ld	843,043.90	17,758,721.52
	Hab Af beldf aDepe e C.,Ld	15,083,375.32	1,837,039.26
	Hab Eec cG f le a aTadeC.,Ld	18,510,395.69	7,263,112.01
	Hab Sa a Bfe Sece C.,Ld	2,563,881.86	981,812.24
	Hab Pe b Ec cadTadeC.,Ld	673,821.17	633.58
	Hab Eec cPe, Ma a e e C.,Ld	2,141,456.73	4,000,141.95
	Hab ldf aleaedSeceMa a e e C.,Ld		763.37
	Hab Eec cG f Ma e l e e E f e C.,Ld	111,249,408.06	109,303,683.33
	Hab Eec cPe G f Hab E e eMa a e e Sece C.,Ld	32,304.33	73,567.07
	Hab Eec cPe G f B a P e Ge ea (F, fa) C.,Ld	11,128,031.74	11,251,141.43
	Ja f E - fM Re eac f eC.,Ld	25,213,870.46	
Short-term borrowings	Hab Eec cG f C.,Ld	2,848,133,158.88	3,997,091,932.96

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

F 0, ea e ded Dece be 31, 2023

The name of he p pjec	Rela ed pa ,	Clo ing balance	O e ba a ce

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements ended December 31, 2023

### 12. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### (4) Related party transactions (Continued)

3. Receivable and payable fees (Continued)

(2) Payable fees (Continued)

The name of the project	Related party	Closing balance	Opening balance
Fee payable	Hab Eec cP e G f Hab E e eMa a e e Se uce C .,Ld	3.45	46.22
	Hab Eec cG f l e a aTadeC .,Ld	6,382.12	1,481.20
	Hab Hab Eec cl d f aDe e e C .,Ld	2,252.04	875.70
	Hab Eec cG f C .,Ld	7,770,333.11	4,909,290.00
	Hab Hab Eec cP e ,Ma a e e C .,Ld	917.72	731.30
	Hab Eec cG f Ja f Eec cC .,Ld		12,269.95
	Hab Eec cP e G f B a P e Ge ea (F f a ) C .,Ld	2,242.89	50,831.98
	Ja f Eec cMac e , Fac , C .,Ld	157.15	6,117.99
	Hab l d f aDe e e C .,Ld	1,256.49	974.61
	Hab Eec cG f Ma e l e e E f e C .,Ld	1,099,204.44	524,535.72
	Hab Sa a B f e Se uce C .,Ld	1,264.24	351.28
	Hab l d f a l e a e dSe uceMa a e e C .,Ld		0.08
	Hab Pe b Ec ca dTadeC .,Ld	90.29	2.32
	Hab A f b e l d f aDe e e C .,Ld	1,637.75	503.36
	Hab Eec cP e E f e C .,Ld	717.49	
	Ja f Eec cC .,Ld	1,823.24	
	Ja f E e e fM Re ea c f f e C .,Ld	2,696.48	
Net payable	Hab Eec cP e ,Ma a e e C .,Ld	204,393.76	
Liability payable	Hab Eec cG f C .,Ld	1,000,000.00	1,000,000.00
Secured payable	Hab Eec cG f C .,Ld	2,500,000.00	2,500,000.00

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements as of December 31, 2023

## 13. EXPLANATION OF CONTINGENCIES

### (1) Contingent liabilities

#### 1. Contingent liability from the issuance of debt securities

As of December 31, 2023, the Company has issued debt securities as follows:

S.N.	Gaganoni	Name	Guaranteed Object			Type of Guarantee	Amount of the Guarantee	Among them:				
			The nature of the expense	Collateral method	Anti-collateralization method			The actual amount of the guarantee	Guaranteed Object	Whether it is a liability	Whether it is a contingent liability	
						1,126,258,678.35						
1	Hab Eec cC.,Ld	Hab Eec cG f S d E e a Sae- ed P ec E ee C.,Ld	^d	ab, f a a ee	J a d e p a L a f a a ee N C f e- Wa a e	9,194,790.00		N a		N		N
2	Hab Eec cC.,Ld	Hab Eec c l e a a E ee C.,Ld	^d	ab, f a a ee	P e f a c e N C f e- B d Wa a e	7,968,625.08		N a		N		N
3	Hab Eec cC.,Ld	Hab Eec c l e a a E ee C.,Ld	^d	ab, f a a ee	P e f a c e N C f e- B d Wa a e	10,724,895.68		N a		N		N
4	Hab Eec cC.,Ld	Hab Eec c l e a a E ee C.,Ld	^d	ab, f a a ee	P e f a c e N C f e- B d Wa a e	594,045,497.59		N a		N		N
5	Hab Eec cC.,Ld	Hab Eec c l e a a E ee C.,Ld	^d	ab, f a a ee	L a f a a ee N C f e- Wa a e	495,490,660.00		N a		N		N
6	Hab B e P a C.,Ld	Hab Eec cG f S d E e a Sae- ed P ec E ee C.,Ld	^d	ab, f a a ee	J a d e p a L a f a a ee N C f e- Wa a e	8,834,210.00		N a		N		N



## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

As at December 31, 2023

### 13. EXPLANATION OF CONTINGENCIES (CONTINUED)

#### (1) Contingent liabilities (Continued)

2. The amount of the contingent liability is as follows:

As at December 31, 2023, the Company has a contingent liability of RMB66,917,459.92 for the amount of the contingent liability. The amount of the contingent liability is as follows:

Company name	The amount of the contingent liability has been paid	Expected settlement period
Harbin Electric Co., Ltd. (Head Office)	16,667,597.23	Year 2024
Harbin Sea Trench Electric Facility Co., Ltd.	50,249,862.69	Year 2024
<b>Total</b>	<b>66,917,459.92</b>	

#### (2) Contingent assets

As at December 31, 2023, the Company has no contingent assets.

### 14. EVENTS AFTER THE BALANCE SHEET DATE

After the end of the reporting period, the Company has no events after the balance sheet date.

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

For the year ended December 31, 2023

## 15. EXPLANATION OF OTHER IMPORTANT MATTERS

### Related party relationship and management information

#### 1. Balance sheet and equity components

Based on the company's financial statements, the balance sheet, equity components, and related party relationships are as follows: The company's balance sheet shows assets of RMB 1,234,567,890, liabilities of RMB 567,890,123, and equity of RMB 666,677,767. The equity components include contributed capital of RMB 100,000,000, retained earnings of RMB 566,677,767, and other reserves of RMB 0. The related party relationships include the company's parent company, subsidiaries, and key management personnel.

The company's financial statements are prepared in accordance with the accounting standards of the People's Republic of China. The company's financial statements are audited by a qualified audit firm. The company's financial statements are subject to the review of the State Audit Office. The company's financial statements are subject to the review of the State Audit Office.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial year ended December 31, 2023

### 15. EXPLANATION OF OTHER IMPORTANT MATTERS (CONTINUED)

Related party relationship and related transaction information (Continued)

2. Related party relationship information

(1) 2023 Significant transactions

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

F  , ea e ded Dece be 31, 2023

### 15. EXPLANATION OF OTHER IMPORTANT MATTERS (CONTINUED)

#### Rela ed pa  ,  ela ion hip and hei  ,  an ac ion egmen info ma ion (Con in ed)

#### 2. Re    f a ca f a f   e e (C  ed)

#### (2) 2022 Se e F a ca l f a

U : 10,000,  a

P �jec	A ne pe of po e, em i h ne ene g a he main bod	Clean and efficien ind jal	G �en and lo -ca �on d j e em	O he, b ine e	Off e	To al
1. O ea c e A � : c ef e e a a ac l c ef e e e a ac	2,544,682.58	319,977.08	133,728.56	72,307.67	-606,316.46	2,464,379.43
	1,970,627.23	305,116.27	132,468.15	56,167.78		2,464,379.43
	574,055.35	14,860.81	1,260.41	16,139.89	-606,316.46	
2. l �e e c e a ca e ad �e �e	1,714.51	119.22	-79.24	9.94	-695.13	1,069.30
3. A e a e e	11,651.52	-1,488.03	-2,062.34	-2,303.06		5,798.09
4. Ced a e e	-43,908.13	5,349.92	626.34	3,810.06	964.69	-33,157.12
5. De eca a da a e e e	55,630.82	7,069.74	11,284.31	4,753.23	-1,124.74	77,613.36
6. T a �f	150,128.97	5,093.21	4,015.26	21,369.91	-160,029.68	20,577.67
7. l c e a e e e	3,073.01	1,319.71	-1,826.28	5,068.40		7,634.84
8. Ne P f	147,055.95	3,773.50	5,841.54	16,301.52	-160,029.68	12,942.83
9. T a a e	7,064,848.94	780,760.97	453,986.30	2,096,184.91	-4,067,428.06	6,328,353.06
10. T a ab e	5,359,743.69	598,059.33	376,617.95	1,762,570.59	-3,006,024.71	5,090,966.85

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements as at December 31, 2023

### 16. NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS

#### 16.1 Accounts receivable

##### 16.1.1 Details of accounts receivable

Aging	Closing balance	Opening balance
Within 1 year	936,231,868.63	1,015,681,158.84
1-2 years	585,236,021.76	602,428,204.91
2-3 years	301,887,892.64	807,499,691.60
Over 3 years	703,371,195.42	577,076,859.30
Subtotal	2,526,726,978.45	3,002,685,914.65
Less: Allowance for bad debt	959,194,271.60	1,253,883,727.49
Total	1,567,532,706.85	1,748,802,187.16

##### 16.1.2 Details of the ending allowance for bad debt by category

Category	Closing balance				Opening balance				
	Book balance		Provision for bad debt		Book balance		Provision for bad debt		
	Amount	Provision (%)	Amount	Provision (%)	Amount	Provision (%)	Amount	Provision (%)	
Provision for bad debt accrued on advance	8,644,000.00	0.34			349,054,000.00	11.62	340,410,000.00	97.52	8,644,000.00
Provision for bad debt accrued on trade	2,518,082,978.45	99.66	959,194,271.60	38.09	2,653,631,914.65	88.38	913,473,727.49	34.42	1,740,158,187.16
Provision for trade	2,518,082,978.45	99.66	959,194,271.60	38.09	2,653,631,914.65	88.38	913,473,727.49	34.42	1,740,158,187.16
Total	2,526,726,978.45		959,194,271.60		3,002,685,914.65		1,253,883,727.49		1,748,802,187.16

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

F 0, ea e ded Dece be 31, 2023

### 16. NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 16.1 Acco n ecei able (Con in ed)

##### 16.1.3 P e f bad deb acc ed e ba

Compan name	Book al e	P o i ion fo , bad deb	P o o ion of p o i ion (%)	Rea on of p o i ion
Hab Eec cle a a E ee C .,Ld	8,644,000.00			Reaed ae ae acc ed
T a	8,644,000.00			

##### 16.1.4 P e f bad deb acc ed a f ba

##### A c b a

Aging	Clo ing balance			O e ba a ce		
	Book balance		P o i ion fo , bad deb	B . ba a ce		P e f bad deb
	A mo n	P o o ion (%)		A f	P (%)	
W n 1, ea	936,231,868.63	5.00	46,811,593.43	1,015,681,158.84	38.28	50,784,057.95
1. 2, ea	585,236,021.76	25.00	146,309,005.44	599,388,204.91	22.59	149,847,051.23
2. 3, ea	301,887,892.64	50.00	150,943,946.32	461,485,691.60	17.39	230,742,845.80
O e 3, ea	694,727,195.42	80.00	615,129,726.41	577,076,859.30	21.75	482,099,772.51
T a	2,518,082,978.45		959,194,271.60	2,653,631,914.65		913,473,727.49

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements as at December 31, 2023

### 16. NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 16.1 Accounts receivable (Continued)

16.1.5 The following table represents the accounts receivable as at December 31, 2022, as reported by debt

Debtors	Book balance	Proportion in the total accounts receivable	
		(%)	Proportion for bad debt
Guangdong Ee, Faca Lea C., Ltd	146,309,000.00	5.79	7,315,450.00
Lifa, Wa'an Gee, Teta P e C., Ltd	185,670,444.00	7.35	185,670,444.00
Sa'at Ee, Tec'n, Depe e C., Ltd	197,796,000.00	7.83	12,300,000.00
N'ne Eec'p e E ee .C ac C., Ltd	188,434,477.28	7.46	28,985,745.36
C'na Ee, C'fc G'f Ta Eec'p e C'fc C., Ltd	156,497,142.63	6.19	19,874,857.13
<b>Total</b>	<b>874,707,063.91</b>	<b>34.62</b>	<b>254,146,496.49</b>

#### 16.2 Other receivable

Item	Closing balance	Opening balance
Inter receivable	912,089.45	600,344.48
Deferred receivable	1,050,000.00	21,286,403.99
Other receivable	447,622,761.62	740,913,806.03
<b>Total</b>	<b>449,584,851.07</b>	<b>762,800,554.50</b>

Note: Other receivable includes receivable from related parties and other receivable.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements as at December 31, 2023

### 16. NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 16.2 Other receivable (Continued)

##### 16.2.1 Interest receivable

Item	Closing balance	Opening balance
Interest receivable	123,637.50	144,200.00
Other	788,451.95	456,144.48
<b>Total</b>	<b>912,089.45</b>	<b>600,344.48</b>

##### 16.2.2 Deferred receivable

Item	Closing balance	Opening balance	Reaffirmation, etc.	Write-off
Deferred receivable due to related parties	1,050,000.00	21,286,403.99		
1. Hab Eec cMac ne, Fac , C ., Ld		17,323,540.23		
2. Hab P e Tec n , Tad C ., Ld	1,050,000.00	1,050,000.00		
3. C e d e Sa a Tec n , C ., Ld		2,912,863.76		
<b>Total</b>	<b>1,050,000.00</b>	<b>21,286,403.99</b>		



**NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)**

Financial statements ended December 31, 2023

**16**

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

F 0, ea e ded Dece be 31, 2023

### 16. NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 16.2 Other receivable (Continued)

##### 16.2.3 Other receivable (Continued)

(2) Provision for bad debt accounted as follows

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debt			Book balance		Provision for bad debt		
	Amount	Provision (%)	Amount	Provision (%)	Book value	Amount	Provision (%)	Amount	Provision (%)	Book value
Provision for bad debt accounted as follows	443,599,912.10	17.56			443,599,912.10	733,202,260.07	96.93			733,202,260.07
Provision for bad debt accounted as follows	17,050,496.68	0.67	13,027,647.16	76.41	4,022,849.52	23,190,417.35	3.07	15,478,871.39	66.75	7,711,545.96
<b>Total</b>	<b>460,650,408.78</b>		<b>13,027,647.16</b>		<b>447,622,761.62</b>	<b>756,392,677.42</b>		<b>15,478,871.39</b>		<b>740,913,806.03</b>

(3) Other receivable from related entities as follows, accounted

The name of the organization	Closing balance		
	Closing balance	Provision for bad debt	Reason for provision
Hab Eec cG (Q da ) Hea E e C ,Ld	433,715,134.77		Related party account
Hab Eec cP e Tec n , ad Tade C ,Ld	9,884,777.33		Related party account
<b>Total</b>	<b>443,599,912.10</b>		

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements ended December 31, 2023

### 16. NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 16.2 Other receivable (Continued)

##### 16.2.3 Other receivable (Continued)

(4) Other receivable details of bad debt based on the book balance

Other receivable details of bad debt based on the book balance

Aging	Closing balance			Book balance		
	Book balance			Book balance		
	Amount	Provision for bad debt	Provision for bad debt	Amount	Provision for bad debt	Provision for bad debt
Within 1 year	1,486,780.89	5.00	74,339.04	4,467,443.46	5.00	223,372.17
1-2 years	2,340,354.05	25.00	585,088.51	2,510,403.47	25.00	627,600.87
2-3 years	1,622,603.47	50.00	811,301.74	3,032,764.15	50.00	1,516,382.08
Over 3 years	11,600,758.27	99.62	11,556,917.87	13,179,806.27	99.48	13,111,516.27
<b>Total</b>	<b>17,050,496.68</b>		<b>13,027,647.16</b>	<b>23,190,417.35</b>		<b>15,478,871.39</b>

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

F 0, ea e ded Dece be 31, 2023

### 16. NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 16.2 Other receivable (Continued)

##### 16.2.3 Other receivable (Continued)

(5) Provision for bad debt of other receivable accounted, recorded and recorded

Provision for bad debt	Phase 1	Phase 2	Phase 3	Total
	Expected credit loss over the next 12 months	Expected credit loss (no credit impairment occurred)	Expected credit loss (credit impairment)	
Opening balance	15,478,871.39			15,478,871.39
Transfer balance				
Change				
· Movement decrease				
· Movement increase				
· Movement decrease				
· Movement increase				
Accumulated change	-2,451,224.23			-2,451,224.23
Transfer				
Reduction				
Write-off change				
Opening balance	13,027,647.16			13,027,647.16

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements ended December 31, 2023

### 16. NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 16.2 Other receivable (Continued)

##### 16.2.3 Other receivable (Continued)

(6) Other receivable in the consolidated financial statements

Name of the debtor	Unit	Book balance	Ageing	Proportion of the closing balance of other receivable (%)	Proportion of bad debt
Hab Eec cG f (Q f a da )Hea y E f e C .,Ld	Cf e Pa e	433,715,134.77	0_je 3, ea	94.15	
Hab P e Tec n , Tad C .,Ld	Cf e Pa e	9,884,777.33	0_je 3, ea	2.15	
Hab Xa fa D c A e c L c Se ce Ce e	Re	2,762,035.52	1-2, ea	0.60	795,929.25
S a Q f a da C .,Ld	De	2,696,105.38	0_je 3, ea	0.59	2,696,105.38
C a Eec c E e , E f e C .,Ld	De	2,000,000.00	0_je 3, ea	0.43	2,000,000.00
<b>T a</b>		<b>451,058,053.00</b>		<b>97.92</b>	<b>5,492,034.63</b>

#### 16.3 Long-term investments

##### 16.3.1 Cash investments

Item	Original value	Inc ea e in 2023	Dec ea e in 2023	Clo ing balance
Investment in subsidiaries	8,519,723,000.53	1,685,580,000.00	1,036,921,104.51	9,168,381,896.02
Investment in associates	117,382,398.88	33,718,036.63		151,100,435.51
Investment in other entities	264,064,925.45	556,375,341.82	294,584,184.61	525,856,082.66
<b>Sf b a</b>	<b>8,901,170,324.86</b>	<b>2,275,673,378.45</b>	<b>1,331,505,289.12</b>	<b>9,845,338,414.19</b>
Less: Provision for impairment loss				
Provision	87,811,282.29			87,811,282.29
<b>T a</b>	<b>8,813,359,042.57</b>	<b>2,275,673,378.45</b>	<b>1,331,505,289.12</b>	<b>9,757,527,131.90</b>

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

F 0, ea e ded Dece be 31, 2023

### 16. NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 16.3 Long-term investments (Continued)

##### 16.3.2 Investment in subsidiaries

In e ee	Co of in e men	O e ba a ce	Inc ea e in 2023	Dec ea e in 2023	Clo ing balance	P o i ion fo, impai men in he c en pe jod	Balance of p o i ion fo, impai men a a Decembe 31, 2023
Hab Eec cG f Face C.,Ld	833,787,946.00	837,122,531.11			837,122,531.11		
Hab B e Pa C.,Ld	949,841,367.00	949,841,367.00			949,841,367.00		
Hab Sea T f b e Fac , C.,Ld	706,007,659.04	1,146,617,659.04	1,402,880,000.00		2,549,497,659.04		
Hab Eec cP e E f e C.,Ld	1,022,652,962.04	1,022,652,962.04		1,022,652,962.04			
Hab Eec cMac e, Fac , C.,Ld	951,874,434.97	951,874,434.97			951,874,434.97		
Hab Eec cG f (Q Pa da) Hea y E f e C.,Ld	571,568,274.86	571,568,274.86	272,700,000.00		844,268,274.86		
Hab Eec cle a a E ee C.,Ld	2,000,000,000.00	2,000,000,000.00			2,000,000,000.00		
Hab Eec cP e Ge ea E f e Na a E ee Re ea c Ce e C.,Ld	120,004,550.35	120,004,550.35			120,004,550.35		
Hab Eec cP e G f Hab P e Sa Va e C.,Ld	97,002,844.08	97,002,844.08			97,002,844.08		
Hab Hab Eec cC.,Ld	25,780,234.61	25,780,234.61			25,780,234.61		
Hab P e Tec e, Tad C.,Ld	15,000,000.00	15,000,000.00			15,000,000.00		
C e d f Sa a Tec e, C.,Ld	14,268,142.47	14,268,142.47		14,268,142.47			
S e e Had e Pa d f, a d Tade C.,Ld	3,000,000.00	3,000,000.00			3,000,000.00		3,000,000.00
Hab Eec cG f S e E e a P ec E ee C.,Ld	49,980,000.00	49,980,000.00			49,980,000.00		
Hab Eec cF a ca Lea (Ta ) C.,Ld	400,000,000.00	400,000,000.00			400,000,000.00		
Hab Eec cP e G f B a P e Ge ea (Wa f) C.,Ld	136,100,000.00	136,100,000.00			136,100,000.00		
Hab Eec cP e G f B a P e Ge ea (De e) C.,Ld	138,910,000.00	138,910,000.00			138,910,000.00		
Hab Eec cS ce ce a d Tec e, C.,Ld	10,000,000.00	10,000,000.00	10,000,000.00		20,000,000.00		
Hab Eec cMae a C.,Ld	30,000,000.00	30,000,000.00			30,000,000.00		
<b>T a</b>	<b>8,075,778,415.42</b>	<b>8,519,723,000.53</b>	<b>1,685,580,000.00</b>	<b>1,036,921,104.51</b>	<b>9,168,381,896.02</b>		<b>3,000,000.00</b>

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements as of December 31, 2023

### 16. NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 16.3 Long-term investments (Continued)

##### 16.3.3 Investment in equity

Investee	Cost of investment	Opening balance	Additional investment	Decrease in investment	Change in carrying amount					Closing balance	Balance of investment as of December 31, 2022
					Proportion recognized	Adjustment of other comprehensive income	Change in cash dividend	Proportion of impairment	Other		
Ta	256,214,600.00	296,636,042.04	536,279,151.40		53,814,227.05		-16,691,260.80	-277,892,923.81	676,956,518.17	84,811,282.29	
1. Investment in equity	93,495,800.00	117,382,398.88	30,179,200.00		3,538,836.63				151,100,435.51		
Hab Eec cGe ea Ga Tf b e (Q fha da )C .,Ld	91,120,800.00	117,382,398.88	30,179,200.00		3,538,836.63				151,100,435.51		
Rf a -C ^e eP e E f . e LLC	2,375,000.00										
2. Investment in equity	162,718,800.00	179,253,643.16	506,099,951.40		50,275,390.42		-16,691,260.80	-277,892,923.81	525,856,082.66	84,811,282.29	
GE-Hab P e E e , Se uce (Q fha da )C .,Ld	17,739,800.00	97,525,545.71			16,264,240.15		-11,421,944.00		102,367,841.86		
Hab Rf fe Ne E e , C .,Ld	28,800,000.00	50,360,379.74	5,000,000.00		119,975.43		-5,269,316.80		50,211,038.37		
Lac e Xa fa P e Ge ea C .,Ld	116,179,000.00	31,367,717.71							116,179,000.00	84,811,282.29	
Hab Eec cP e E f . e C ., Ld	501,099,951.40		501,099,951.40		33,891,174.84			-277,892,923.81	257,098,202.43		

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements ended December 31, 2023

### 16. NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 16.4 Operating revenue and operating cost

Item

Item	Year 2023		Year 2022	
	Revenue	Expenses from cost	Revenue	Expenses from cost
Product revenue	5,604,309,963.52	5,600,298,729.82	5,764,567,992.33	5,719,884,251.38
Other revenue	13,265,663.30	4,484,280.51	15,904,271.94	4,484,280.51
Total	5,617,575,626.82	5,604,783,010.33	5,780,472,264.27	5,724,368,531.89

#### 16.5. Income statement

Source of income	Year 2023	Year 2022
Income before tax, net of accumulated losses, etc.	53,814,227.05	11,263,147.95
Losses before tax, net of accumulated losses, etc.	823,268,543.00	1,622,826,476.17
Income tax expense	-135,123,753.11	
Income tax expense	270,000.00	
Total	742,229,016.94	1,634,089,624.12





# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

Financial statements ended December 31, 2023

## 17. SUPPLEMENTARY INFORMATION (CONTINUED)

### 17.1 Breakdown of non-executing portfolio in 2023 (continued)

Item	Amount	Note
Profit from the sale of real estate	7,784,252.49	
Gain on the sale of financial assets, including the sale of equity securities, and the sale of real estate, including the sale of real estate	3,094,339.62	
Change in fair value of financial assets, including the change in fair value of real estate, and the change in fair value of real estate	24,447,815.33	Debt 8.58 & 8.64
Other income, including interest income, and other income	50,572,425.67	
Subtotal	310,153,349.28	
Lease receivables	22,046,551.39	
Lease receivables, net (after allowance)	295,138.05	
Net investment in real estate, including real estate, and net investment in real estate	287,811,659.84	
Net investment in real estate, including real estate, and net investment in real estate	574,760,038.85	
Total investment in real estate, including real estate, and net investment in real estate	286,948,379.01	

### 17.2 Return on net assets and earnings per share

Portfolio, hedging period	Weighted average Return on Equity (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net investment in real estate, including real estate, and net investment in real estate	4.49	0.313	0.313
Net investment in real estate, including real estate, and net investment in real estate	2.24	0.156	0.156

Hab Eec cC ., Ld  
March 28, 2024

# DISCLOSURE OF SIGNIFICANT EVENTS

## PRODUCTION AND OPERATION EVENTS

On 16 June 2023, Harbin Electric Company Limited (the "Company") has completed the construction of the 500MW Zhaohaiduo Substation, which is a key project of the State Grid Corporation of China (SGCC) in the Zhaohaiduo Substation area. The completion of this project will significantly enhance the power supply capacity and reliability of the Zhaohaiduo Substation, and will also contribute to the construction of the "Double Circuit" power transmission line between Harbin and Zhaohaiduo.

On 26 June 2023, Harbin Electric Company Limited (the "Company") has completed the construction of the 500MW Zhaohaiduo Substation, which is a key project of the State Grid Corporation of China (SGCC) in the Zhaohaiduo Substation area. The completion of this project will significantly enhance the power supply capacity and reliability of the Zhaohaiduo Substation, and will also contribute to the construction of the "Double Circuit" power transmission line between Harbin and Zhaohaiduo.

# INFORMATION ON THE COMPANY

## REGISTERED NAME OF THE COMPANY

哈爾濱電氣股份有限公司

## ENGLISH NAME OF THE COMPANY

Harbin Electric Co., Ltd.

## REGISTERED ADDRESS OF THE COMPANY

1399 Changjiang Road  
Songbei District  
Harbin  
Heilongjiang Province  
Telephone: Registered in China  
Unified Social Credit Code: 91230100127575573H

## PRINCIPAL PLACE OF BUSINESS IN THE PRC

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Songbei District  
Harbin  
Heilongjiang Province  
Telephone: Registered in China  
Postal Code: 150028  
Tel: 86-451-82135727 58590070  
Fax: 86-451-82162088  
Website: www.helc.com

## PLACE OF BUSINESS IN HONG KONG

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Hong Kong

## LEGAL REPRESENTATIVE

M. Cao Zhong

## AUTHORISED REPRESENTATIVES

M. Hui Wei  
M. A. L.

## COMPANY SECRETARY

M. A. L.

## JOINT COMPANY SECRETARY

M. Tang Taicheng, M. Cheng

## AUDITORS

Da Hua Certified Public Accountant  
(Special General Partnership)

12/F, Building No. 7, Block No. 16  
Xinshijia Zhongyuan Road, Haodong District, Beijing  
Telephone: Registered in China  
Postal Code: 100039

## LEGAL ADVISORS

in PRC Law

**Beijing HAIWEN & PARTNERS**

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No. 5, Daxiaojiaochang Road  
Chaoyang District  
Beijing  
Telephone: Registered in China

## DOCUMENTS AVAILABLE FOR INSPECTION

1. The articles of 2023 Annual Report of the Company,
2. The articles of the Company, and the financial statements



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