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**哈尔滨电气股份有限公司**

**HARBIN ELECTRIC COMPANY LIMITED**

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

**(Stock Code: 1133)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2025**

The Board of Directors (the “**Board**”) of Harbin Electric Company Limited (the “**Company**”) hereby announces audited operating results of the Company and its subsidiaries for the year ended 31 December 2025, which were prepared in accordance with the China Accounting Standards for Business Enterprises.

## CONSOLIDATED BALANCE SHEET

December 31, 2025

Prepared by: Harbin Electric Company Limited

Monetary unit: RMB YUAN

Item	Notes	December 31, 2025	December 31, 2024
<b>Current assets:</b>		–	–
Monetary fund	<i>Note 1</i>	<b>15,245,928,716.21</b>	16,048,827,239.42
Lendings to banks and other financial institutions		<b>0.00</b>	0.00
Financial assets held for trading		<b>2,000,000.00</b>	2,000,000.00
Derivative financial assets		<b>0.00</b>	0.00
Notes receivable		<b>608,511,782.89</b>	1,176,243,029.41
Accounts receivable	<i>Note 2</i>	<b>5,759,220,668.60</b>	5,154,322,130.03
Receivables financing		<b>570,947,744.81</b>	12,182,047.12
Advances to suppliers		<b>7,844,056,661.37</b>	8,654,036,152.62
Other receivables		<b>1,048,305,666.41</b>	1,127,949,613.15
Including: Dividends receivable		<b>8,842,879.26</b>	4,681,732.00
Financial assets held under resale agreements		<b>1,072,500,000.00</b>	585,000,000.00
Inventories		<b>18,856,189,846.69</b>	14,581,779,526.11
Including: raw materials		<b>4,340,117,549.09</b>	4,489,029,408.80
Merchandise inventories			
(finished goods)		<b>117,174,904.94</b>	149,992,863.30
Contract assets	<i>Note 3</i>	<b>9,078,279,080.29</b>	9,879,012,182.45
Held-for-sale assets		<b>0.00</b>	0.00
Non-current assets due within one year		<b>471,894,177.66</b>	388,621,352.19
Other current assets		<b>4,392,650,137.09</b>	2,598,821,957.53
<b>Total current assets</b>		<b>64,950,484,482.02</b>	60,208,795,230.03

## CONSOLIDATED BALANCE SHEET (CONTINUED)

December 31, 2025

Prepared by: Harbin Electric Company Limited

Monetary unit: RMB YUAN

Item	Notes	December 31, 2025	December 31, 2024
<b>Non-current assets:</b>		–	–
Disbursement of loans and advances to customers		0.00	0.00
Debt investments		0.00	0.00
Other debt investments		1,010,844,608.08	310,836,000.00
Long-term receivables		607,481,090.17	440,694,572.78
Long-term equity investments	Note 12	1,456,292,677.92	889,675,508.19
Other equity instrument investments		807,494,380.89	702,075,378.54
Other non-current financial assets		0.00	0.00
Investment properties		194,265,674.38	211,509,903.78
Fixed assets		6,720,446,609.37	5,418,092,753.77
Including: Cost		16,610,561,538.85	15,109,394,207.01
Accumulated depreciation		9,838,329,918.98	9,607,214,427.55
Impairment		51,867,444.92	84,178,861.82
Construction in progress		517,433,811.07	1,273,841,923.69
Bearer biological assets		0.00	0.00
Oil and gas assets		0.00	0.00
Right-of-use assets		13,401,594.56	14,101,369.55
Intangible assets		1,031,082,088.34	959,594,909.77
Development expenditures		70,009,430.39	72,971,700.57
Goodwill		0.00	9,087,591.69
Long-term deferred expenses		21,090,329.68	17,175,078.23
Deferred tax assets		792,653,176.63	603,821,319.51
Other non-current assets		469,815,517.39	813,881,914.07
<b>Total non-current assets</b>		<b>13,712,310,988.87</b>	<b>11,737,359,924.14</b>
<b>Total assets</b>		<b>78,662,795,470.89</b>	<b>71,946,155,154.17</b>

## CONSOLIDATED BALANCE SHEET (CONTINUED)

December 31, 2025

Prepared by: Harbin Electric Company Limited

Monetary unit: RMB YUAN

Item	Notes	December 31, 2025	December 31, 2024
<b>Current liabilities:</b>		–	–
Short-term borrowings		3,858,171,045.87	4,481,698,651.76
Borrowings from banks and other financial institutions		0.00	0.00
Financial liabilities held for trading		0.00	0.00
Derivative financial liabilities		0.00	0.00
Notes payable		1,844,560,816.94	2,341,448,365.28
Accounts payable	Note 4	13,899,099,770.11	16,569,328,453.81
Advances from customers		0.00	7,175,123.84
Contract liabilities	Note 5	34,084,749,651.29	26,481,644,744.09
Financial assets sold under repurchase agreements		0.00	0.00
Customer bank deposits and interbank deposits		799,351,790.47	727,588,443.98
Employee compensation payable		1,152,570,535.31	962,479,143.31
Including: salary payable		765,555,171.62	589,206,620.00
Welfare benefits payable		0.00	3,290.00
Taxes payable		527,334,616.51	626,360,758.54
Including: taxes payable excluding surcharges		507,750,643.28	603,090,416.40
Other payables		413,233,532.43	462,897,601.30
Including: Dividends payable		2,772,996.53	2,773,883.08
Held-for-sale liabilities		0.00	0.00
Non-current liabilities due within one year		322,778,137.32	381,970,747.45
Other current liabilities		647,966,508.65	149,804,765.63
<b>Total current liabilities</b>		<b>57,549,816,404.90</b>	<b>53,192,396,798.99</b>

## CONSOLIDATED BALANCE SHEET (CONTINUED)

December 31, 2025

Prepared by: Harbin Electric Company Limited

Monetary unit: RMB YUAN

Item	Notes	December 31, 2025	December 31, 2024
<b>Non-current liabilities:</b>		–	–
Long-term borrowings		252,162,846.82	810,487,077.31
Bonds payable		0.00	0.00
Including: Preferred stock		0.00	0.00
Including: Perpetual bonds		0.00	0.00
Lease liabilities		3,489,629.62	8,944,355.89
Long-term payables		20,232,639.43	21,448,357.35
Long-term employee compensation payable		251,064,822.91	279,889,194.63
Special payables		0.00	0.00
Estimated liabilities		1,827,255,473.16	1,165,215,245.78
Deferred income		277,260,013.60	175,116,522.09
Deferred tax liabilities		5,249,501.44	9,765,881.47
Other non-current liabilities		0.00	93,030,491.94
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<b>Total non-current liabilities</b>		<b>2,636,714,926.98</b>	<b>2,563,897,126.46</b>
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<b>Total liabilities</b>		<b>60,186,531,331.88</b>	<b>55,756,293,925.45</b>
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## CONSOLIDATED BALANCE SHEET (CONTINUED)

December 31, 2025

Prepared by: Harbin Electric Company Limited

Monetary unit: RMB YUAN

Item	Notes	December 31, 2025	December 31, 2024
<b>Shareholders' equity</b>		<b>-</b>	<b>-</b>
Share capital		2,236,276,000.00	2,236,276,000.00
Including: State-owned legal person's capital		1,560,705,000.00	1,560,705,000.00
Foreign capital		675,571,000.00	675,571,000.00
Other equity instruments		0.00	0.00
Including: Preferred stock		0.00	0.00
Including: Perpetual bonds		0.00	0.00
Capital reserves		5,491,563,058.67	5,491,563,058.67
Less: Treasury stocks		0.00	0.00
Other comprehensive income		58,895,147.51	-102,281,657.96
Including: Currency translation reserve		-8,353,095.65	-4,130,932.99
Special reserves		62,650,692.88	60,940,261.82
Surplus reserves		1,033,247,486.89	973,010,437.91
Including: statutory surplus reserve		967,063,575.68	906,826,526.70
Other surplus reserve		66,183,911.21	66,183,911.21
General risk reserves		0.00	0.00
Retained earnings	Note 6	8,918,841,633.88	6,823,254,033.56
Total shareholders' equity attributable to the parent company		17,801,474,019.83	15,482,762,134.00
Non-controlling interests		674,790,119.18	707,099,094.72
<b>Total shareholders' equity</b>		<b>18,476,264,139.01</b>	<b>16,189,861,228.72</b>
<b>Total liabilities and shareholders' equity</b>		<b>78,662,795,470.89</b>	<b>71,946,155,154.17</b>

## CONSOLIDATED INCOME STATEMENT

Fiscal Year 2025

Prepared by: Harbin Electric Company Limited

Monetary unit: RMB YUAN

Item	Notes	Amount of this year	Previous year amount
<b>I. Total operating revenue</b>		<b>46,068,852,537.30</b>	38,721,429,041.12
Including: Operating revenue	Note 7	45,697,922,215.32	38,297,845,647.30
Interest income		370,927,256.16	423,570,762.13
Fee and commission income		3,065.82	12,631.69
<b>II. Total operating cost</b>		<b>43,451,445,526.47</b>	37,429,998,368.70
Including: Operating cost	Note 7	39,178,439,004.71	33,500,763,087.86
Interest expenses		5,512,987.05	12,063,335.28
Fee and commission expenses		206,123.71	146,921.37
Taxes and surcharges		241,297,870.17	221,795,309.12
Selling expenses		614,924,307.49	606,817,619.86
Administrative expenses		1,969,094,458.17	1,694,494,820.53
R&D expenses		1,190,958,088.24	1,152,045,288.08
Financial expenses		251,012,686.93	241,871,986.60
Including: interest expenses		141,845,408.66	152,624,500.65
Interest income		32,945,060.81	22,888,024.66
Net exchange loss		118,224,618.84	75,615,935.48
Add: Other income		368,852,914.75	261,363,295.64
Investment Income		537,113,050.80	62,215,191.49
Including: investment income from associates and joint ventures		417,158,263.89	4,245,360.79
Income from derecognition of financial assets at amortised cost		-596,160.00	0.00
Gain on foreign exchange		12,178.54	446,004.50
Income from changes in fair value		-20,162,497.90	10,000,000.00
Credit impairment loss		203,898,601.64	502,003,366.01
Asset impairment loss		-502,644,823.29	-105,445,308.73
Income from assets disposal		2,657,349.59	2,589,286.30
<b>III. Operating profit</b>		<b>3,207,243,784.96</b>	2,024,602,507.63
Add: Non-operating revenue		188,847,212.40	40,150,815.22
Including: Government grants		511,661.54	242,982.85
Less: Non-operating expenses		663,347,376.82	45,366,393.76
<b>IV. Total profit</b>		<b>2,732,743,620.54</b>	2,019,386,929.09
Less: Income tax expenses	Note 8	86,142,075.28	300,862,771.10

## CONSOLIDATED INCOME STATEMENT

Fiscal Year 2025

Prepared by: Harbin Electric Company Limited

Monetary unit: RMB YUAN

Item	Notes	Amount of this year	Previous year amount
<b>V. Net profit</b>		<b>2,646,601,545.26</b>	1,718,524,157.99
Of which: Net profit of the acquiree realized before the business combination under common control		0.00	0.00
<b>(I) Classified according to operating continuity</b>		–	–
Net profit from going concern		2,646,601,545.26	1,718,524,157.99
Net profit from discontinued operations		0.00	0.00
<b>(II) Classified according to attribution of the ownership</b>		–	–
Net profit attributable to owners of the parent company		2,665,811,891.04	1,685,571,289.41
Minority interest income		-19,210,345.78	32,952,868.58
<b>VI. Net of tax of other comprehensive income</b>		<b>162,374,195.29</b>	28,115,974.82
<b>Net of tax of other comprehensive income attributable to the owner of the parent company</b>		<b>158,824,215.73</b>	26,089,126.84
<b>(I) Other comprehensive income that cannot be reclassified into profit or loss</b>		<b>79,700,207.25</b>	8,707,643.77
1. Changes arising from re-measurement of the defined benefit plan		0.00	0.00
2. Other comprehensive income that cannot be reclassified into profit or loss under the equity method		0.00	0.00
3. Changes in fair value of other equity instrument investments		79,700,207.25	8,707,643.77
4. Changes in fair value of the Company's credit risk		0.00	0.00

## CONSOLIDATED INCOME STATEMENT

Fiscal Year 2025

Prepared by: Harbin Electric Company Limited

Monetary unit: RMB YUAN

Item	Notes	Amount of this year	Previous year amount
<b>(II) Other comprehensive income to be reclassified into profit or loss</b>		79,124,008.48	17,381,483.07
1. Other comprehensive income to be transferred into profit or loss under the equity method		-31,623,984.73	0.00
2. Changes in fair value of other debt investments		-12,028,937.38	10,188,906.00
3. Amount of financial assets reclassified into other comprehensive income		0.00	0.00
4. Provision for credit impairment of other debt investments		47,923,175.10	10,304,779.15
5. Reserves for cash flow hedge (effective parts of cash flow hedging profit or loss)		79,075,918.15	-5,563,033.12
6. Translation difference of foreign currency financial statements		-4,222,162.66	2,450,831.04
7. Others		0.00	0.00
Net of tax of other comprehensive income attributable to minority shareholders		3,549,979.56	2,026,847.98
<b>VII. Total comprehensive income</b>		<b>2,808,975,740.55</b>	1,746,640,132.81
Total comprehensive income attributable to shareholders of the parent company		2,824,636,106.77	1,711,660,416.25
Total comprehensive income attributable to minority shareholders		-15,660,366.22	34,979,716.56
<b>VIII. Earnings per share</b>		–	–
(I) Basic earnings per share	<i>Note 13</i>	1.1921	0.7540
(II) Diluted earnings per share	<i>Note 13</i>	1.1921	0.7540

## CONSOLIDATED STATEMENT OF CASH FLOWS

Fiscal Year 2025

Prepared by: Harbin Electric Company Limited

Monetary unit: RMB YUAN

Item	Notes	Amount of this year	Previous year amount
<b>1. Cash flows from operating activities:</b>		–	–
Cash received from sales and services		<b>57,959,937,857.49</b>	44,891,302,645.70
Net increase in deposits and placements from financial institutions		<b>71,763,346.49</b>	-422,206,876.35
Cash received from interests, fees and commissions		<b>373,210,122.89</b>	423,583,292.89
Net increase in repurchasing		<b>-500,000,000.00</b>	1,200,000,000.00
Taxes and surcharges refunds		<b>252,069,583.09</b>	255,334,801.05
Other cash receipts related to operating activities		<b>2,663,410,476.40</b>	2,047,396,975.01
<b>Total cash inflows from operating activities</b>		<b>60,820,391,386.36</b>	48,395,410,838.30
Cash paid for goods and services		<b>46,995,259,170.13</b>	41,378,298,999.66
Net increase in deposits with central banks and other financial institutions		<b>115,597,513.88</b>	-392,525,402.03
Cash paid for interest, fees and commissions		<b>3,697,157.23</b>	12,283,968.56
Cash paid to and for employees		<b>3,446,069,933.80</b>	2,969,881,912.00
Taxes and surcharges cash payments		<b>1,645,996,782.69</b>	1,384,269,124.48
Other cash payments related to operating activities		<b>3,985,011,927.28</b>	3,285,171,110.78
<b>Total cash outflows from operating activities</b>		<b>56,191,632,485.01</b>	48,637,379,713.45
<b>Net cash flows from operating activities</b>		<b>4,628,758,901.35</b>	-241,968,875.15

## CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

Fiscal Year 2025

Prepared by: Harbin Electric Company Limited

Monetary unit: RMB YUAN

Item	Notes	Amount of this year	Previous year amount
<b>2. Cash flows from investing activities:</b>		–	–
Cash received from withdraw of investments		<b>7,809,613,042.50</b>	1,264,170,472.46
Cash received from investment income		<b>26,937,696.05</b>	24,848,296.10
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		<b>7,700,725.00</b>	11,520,913.68
Net cash received from disposal of subsidiaries and other business units		<b>30,177,826.31</b>	-1,759,925.39
Other cash receipts related to investing activities		<b>27,611,641.32</b>	3,948,146.52
<b>Total cash inflows from investing activities</b>		<b>7,902,040,931.18</b>	1,302,727,903.37
Cash paid for fixed assets, intangible assets and other long-term assets		<b>1,771,262,549.58</b>	1,684,092,754.16
Cash payments for investments		<b>10,437,296,880.00</b>	718,367,055.30
Other cash payments related to investing activities		<b>0.00</b>	-27,744,669.74
<b>Total cash outflows from investing activities</b>		<b>12,208,559,429.58</b>	2,374,715,139.72
<b>Net cash flows from investing activities</b>		<b>-4,306,518,498.40</b>	-1,071,987,236.35

## CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

Fiscal Year 2025

Prepared by: Harbin Electric Company Limited

Monetary unit: RMB YUAN

Item	Notes	Amount of this year	Previous year amount
<b>3. Cash flows from financing activities:</b>		–	–
Cash received from borrowings		<b>903,587,068.50</b>	1,133,331,746.42
Other cash receipts related to other financing activities		<b>0.00</b>	225,373,422.74
<b>Total cash inflows from financing activities</b>		<b>903,587,068.50</b>	1,358,705,169.16
Cash repayments for debts		<b>1,430,582,881.86</b>	1,861,286,924.58
Cash payments for distribution of dividends, profit and interest expenses		<b>647,276,251.77</b>	276,340,703.60
Including: dividends or profit paid by subsidiaries to minority shareholders		<b>17,966,584.27</b>	0.00
Other cash payments related to financing activities		<b>10,712,058.92</b>	24,510,938.07
<b>Total cash outflows from financing activities</b>		<b>2,088,571,192.55</b>	2,162,138,566.25
<b>Net cash flows from financing activities</b>		<b>-1,184,984,124.05</b>	-803,433,397.09
<b>4. Effect of foreign exchange rate changes on cash and cash equivalents</b>		<b>-117,472,326.84</b>	-73,089,228.57
<b>5. Net increase in cash and cash equivalents</b>		<b>-980,216,047.94</b>	-2,190,478,737.16
Add: beginning balance of cash and cash equivalents		<b>15,173,753,371.19</b>	17,364,232,108.35
<b>6. Ending balance of cash and cash equivalents</b>		<b>14,193,537,323.25</b>	15,173,753,371.19

# CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

Fiscal Year 2025

Prepared by: Harbin Electric Company Limited

Monetary unit: RMB YUAN

Item	Equity attributable to owners of the parent company											Total owner's equity			
	Share Capital	Preferred stock	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Specialized reserve	Surplus reserve	General risk provision	Retained earnings		others	Subtotal	Minority interests
1. Ending balance of last year	2,236,276,000.00	0.00	0.00	0.00	5,491,563,058.67	0.00	-102,281,657.96	60,940,261.82	973,010,437.91	0.00	6,823,254,033.56	0.00	15,482,762,134.00	707,099,094.72	16,189,861,228.72
Add: increases/decrease due to changes in accounting policies															
Increase/decrease due to corrections of errors in Prior Period	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Increase/Decrease arising from business combination under common control	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Beginning balance of current year	2,236,276,000.00	0.00	0.00	0.00	5,491,563,058.67	0.00	-102,281,657.96	60,940,261.82	973,010,437.91	0.00	6,823,254,033.56	0.00	15,482,762,134.00	707,099,094.72	16,189,861,228.72
3. Increase/decrease for current year("±" for decrease)															
(1) Total comprehensive income	0.00	0.00	0.00	0.00	0.00	0.00	161,176,805.47	1,710,431.06	60,237,048.98	0.00	2,095,587,600.32	0.00	2,318,711,885.83	-32,308,975.54	2,286,402,910.29
(2) Owner's contributions and withdrawals of capital	0.00	0.00	0.00	0.00	0.00	0.00	158,824,215.73	0.00	0.00	0.00	2,665,811,891.04	0.00	2,824,636,106.77	-15,600,366.22	2,809,035,740.55
1. Common stock contributed by owners	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-3,293,080.04	0.00	0.00	0.00	0.00	-3,293,080.04	0.00	-3,293,080.04
2. Capital contributed by other equity instruments holders	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Share-based payment recorded in owner's equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-3,293,080.04	0.00	0.00	0.00	0.00	-3,293,080.04	0.00	-3,293,080.04
(3) Profits distribution	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	60,237,048.98	0.00	-567,871,700.98	0.00	-507,634,652.00	-17,966,584.27	-525,601,236.27
1. Appropriation of surplus reserve	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	60,237,048.98	0.00	-60,237,048.98	0.00	0.00	0.00	0.00
2. Accrual of general risk reserve	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Distribution to owners/shareholder	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(4) Transfer within owner's equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-507,634,652.00	0.00	-507,634,652.00	-17,966,584.27	-525,601,236.27
1. Capital reserve transferred to Share capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,352,589.74	0.00	2,352,589.74	0.00	2,352,589.74
2. Surplus reserve transferred to Share capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Recover of loss by surplus reserve	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Defined benefit plan changes carried forward to retained earnings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5. Other comprehensive income carried forward to retained earnings	0.00	0.00	0.00	0.00	0.00	0.00	2,352,589.74	0.00	0.00	0.00	-2,352,589.74	0.00	0.00	0.00	0.00
6. Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(5) Accrual and utilization of specialized reserve	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,003,511.10	0.00	0.00	0.00	0.00	5,003,511.10	1,317,974.95	6,321,486.05
1. Accrual of specialized reserve	0.00	0.00	0.00	0.00	0.00	0.00	0.00	43,396,002.76	0.00	0.00	0.00	0.00	43,396,002.76	1,673,573.40	45,069,576.16
2. Utilization of specialized reserve	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-38,392,491.66	0.00	0.00	0.00	0.00	-38,392,491.66	-3,555,598.45	-38,748,090.11
(6) Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Ending balance of current year	2,236,276,000.00	0.00	0.00	0.00	5,491,563,058.67	0.00	58,895,147.51	62,650,692.88	1,033,247,486.89	0.00	8,918,841,633.88	0.00	17,801,474,019.83	674,790,119.18	18,476,264,139.01

# CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY (CONTINUED)

Fiscal Year 2025

Prepared by: Harbin Electric Company Limited

Monetary unit: RMB YUAN

Item	Equity attributable to owners of the parent company											Total owner's equity			
	Other equity instruments										Subtotal		Minority interests	Total owner's equity	
	Share Capital	Preferred stock	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Specialized reserve	Surplus reserve	General risk provision					Retained earnings
<b>1. Ending balance of last year</b>	2,236,276,000.00	0.00	0.00	0.00	5,496,802,270.69	0.00	-128,370,784.80	47,489,368.36	956,816,359.27	0.00	5,255,688,935.55	0.00	13,864,702,149.07	723,093,443.51	14,587,795,592.58
Add: increase/decrease due to changes in accounting policies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Increase/decrease due to corrections of errors in Prior Period	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Increase/Decrease arising from business combination under common control	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>2. Beginning balance of current year</b>	2,236,276,000.00	0.00	0.00	0.00	5,496,802,270.69	0.00	-128,370,784.80	47,489,368.36	956,816,359.27	0.00	5,255,688,935.55	0.00	13,864,702,149.07	723,093,443.51	14,587,795,592.58
<b>3. Increase/decrease for current year ("+" for decrease)</b>															
(1) Total comprehensive income	0.00	0.00	0.00	0.00	-5,239,212.02	0.00	26,089,126.84	13,450,893.46	16,194,078.64	0.00	1,567,565,098.01	0.00	1,618,659,984.93	-15,994,348.79	1,602,665,636.14
(2) Owner's contributions and withdrawals of capital	0.00	0.00	0.00	0.00	0.00	0.00	26,089,126.84	0.00	0.00	0.00	1,685,571,289.41	0.00	1,711,660,416.25	34,979,716.56	1,746,640,132.81
1. Common stock contributed by owners	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-5,239,212.02	-4,247,708.89	-9,486,920.91
2. Capital contributed by other equity instrument holders	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Share-based payment recorded in owner's equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-5,239,212.02	-4,247,708.89	-9,486,920.91
(3) Profits distribution	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	16,194,078.64	0.00	-118,006,191.40	0.00	-101,812,112.76	-48,242,739.16	-150,054,851.92
1. Appropriation of surplus reserve	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	16,194,078.64	0.00	-116,194,078.64	0.00	0.00	0.00	0.00
2. Accrual of general risk reserve	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-116,286,352.00	0.00	-116,286,352.00	-33,367,759.92	-150,054,111.92
3. Distribution to owners/shareholder	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	14,474,239.24	0.00	14,474,239.24	-14,474,979.24	-740.00
4. Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(4) Transfer within owner's equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1. Capital reserve transferred to Share capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Surplus reserve transferred to Share capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Recover of loss by surplus reserve	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Defined benefit plan changes carried forward to retained earnings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5. Other comprehensive income carried forward to retained earnings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6. Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(5) Accrual and utilization of specialized reserve	0.00	0.00	0.00	0.00	0.00	0.00	0.00	13,450,893.46	0.00	0.00	0.00	0.00	13,450,893.46	1,516,382.70	14,967,276.16
1. Accrual of specialized reserve	0.00	0.00	0.00	0.00	0.00	0.00	0.00	36,445,112.08	0.00	0.00	0.00	0.00	36,445,112.08	2,615,333.23	39,120,445.31
2. Utilization of specialized reserve	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-22,994,218.62	0.00	0.00	0.00	0.00	-22,994,218.62	-1,138,950.53	-24,153,169.15
(6) Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>4. Ending balance of current year</b>	2,236,276,000.00	0.00	0.00	0.00	5,491,563,058.67	0.00	-102,281,657.96	60,940,261.82	973,010,437.91	0.00	6,823,254,033.56	0.00	15,482,762,134.00	707,099,094.72	16,189,861,228.72

## Consolidated Financial Summary

### I. COMPANY PROFILE

Harbin Electric Company Limited (hereinafter referred to as “the Company”) was formed through the restructuring of the former state-owned enterprise Harbin Electric Corporation (hereinafter referred to as “HE”) and its affiliated companies former Harbin Electric Machinery Works, Harbin Boiler Works, and Harbin Turbine Works. The Company was registered and established in Harbin on October 6, 1994, and was approved for restructuring into a joint stock company listed in Hong Kong by the former State Commission for Restructuring the Economic System on November 5, 1994.

The parent company and ultimate controlling party of the Company is Harbin Electric Corporation.

The Company operates within the generator and generating set manufacturing industry, specializing in the production and sales of power generation equipment and general contracting of power station projects.

### II. BASIS OF PREPARATION FOR FINANCIAL STATEMENTS

The Financial Statements of the Company are prepared on a going concern basis, as per the actually incurred transaction and events, the *Accounting Standards for Business Enterprises* issued by the Ministry of Finance and its application guidelines, interpretations and other relevant provisions thereof (hereinafter collectively referred to as “ASBEs”), *Preparation Rules for Information Disclosures by Companies Offering Shares to the Public No. 15 – General Provisions on Financial Reports* (revised in 2023) issued by China Securities Regulatory Commission (CSRC) and relevant regulations, and disclosure requirements in Hong Kong *Companies Ordinance* and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), and based on the accounting policies and accounting estimates in the “Note IV. Significant Accounting Policies and Accounting Estimates”.

### III. STATEMENT OF COMPLIANCE WITH ASBE

The financial statements prepared by the Company conform to the requirements of the ASBE, and truly and completely reflect the relevant information such as the financial position, the operating results and the cash flows of the Company.

Given the equivalence between the Accounting Standards for Business Enterprises of the Chinese Mainland and the Hong Kong Financial Reporting Standards, SFC and the Stock Exchange have accepted financial reports prepared under the Accounting Standards for Business Enterprises of the Chinese Mainland by Chinese Mainland-based companies listed in Hong Kong and audited by Chinese Mainland-qualified accounting firms.

### IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

#### 1. Accounting period

An accounting year of the Company lasts from January 1 to December 31 (Gregorian calendar).

#### 2. Bookkeeping currency

Except for Harbin Electric International (Hong Kong) Holdings Company Limited and Hassyau International Investment Limited, subsidiaries of the Company, which use the US Dollar (USD) as their bookkeeping currency, the Company and its other subsidiaries use Renminbi (RMB) as their bookkeeping currency.

#### 3. The Company uses RMB to prepare the financial statements.

#### 4. Accounting method for business combination under and not under common control

***(1) Where the terms, conditions, and economic effects of multiple transactions in the process of step-by-step realization of business combination meet one or more of the following conditions, these transactions shall be treated as a package transaction for accounting:***

- 1) These transactions are concluded simultaneously or by taking the mutual impact into account;

- 2) These transactions as a whole can reach a complete business result;
- 3) The occurrence of one transaction depends on the occurrence of at least one other transaction;
- 4) One transaction alone is not economical, but it is when considered with other transactions.

**(2) *Business combination under common control***

The assets and liabilities of the Company obtained from the business combination are measured according to the carrying amount of the assets and liabilities (including goodwill resulting from the acquisition of the combined party by the ultimate controlling party) of the combined party in the ultimate controlling party's Consolidated Financial Statements at the date of combination. The difference between the carrying amount of net assets obtained from the combination and that of the consideration paid for the combination (or the total par value of the shares issued) shall be adjusted to the equity premium in capital reserve, or adjusted to retained earnings if the equity premium in capital reserve is insufficient to offset.

If there is contingent consideration which is classified as estimated asset or liability, representing the difference between the amount of assets or liabilities and the amount of the contingent consideration paid subsequently, is adjusted to the capital reserves (capital premium or share capital premium). If the capital premium or share capital premium of the capital reserves is not sufficient, the remaining balance is adjusted to the retained earnings.

In case multiple transactions for the business combination are considered as a package transaction, these transactions shall be regarded as a transaction for the acquisition of control for accounting treatment; if they are not considered as a package transaction, the difference between the initial investment cost of long-term equity investment at the date when the control is acquired and the sum of carrying amount of the long-term equity investment before the combination and the carrying amount of the consideration paid at the combination date for further acquisition of shares shall be used to adjust capital surplus; if the capital surplus is insufficient for offset, the retained earnings shall be adjusted. The equity investment held prior to the combination date and recognized as other comprehensive income due to calculation by equity method or calculation as per recognition and measurement criteria of financial instruments will not be subject to accounting treatment temporarily and will be subject to accounting

treatment on the same basis as that adopted by the investee for direct disposal of related assets or liabilities at the time of disposal. If it is recognized as other changes in owner's equity (excluding net profit/loss, other comprehensive income and profit distribution) in the net assets of the investee due to calculation by equity method, it will not be subject to accounting treatment temporarily and will be transferred to current profits and losses at the time of disposal.

**(3) *Business combination not under common control***

The date of acquisition is the date on which the Company actually acquires control over the acquiree, i.e., the date on which control over the acquiree's net assets or production and operating decisions is transferred to the Company. The Company generally considers a transfer of control to have been achieved when the following conditions are met:

- 1) The business combination contract or agreement has been approved by the internal authority of the Company.
- 2) The matter of business combination subject to the approval of the relevant state authorities has been approved.
- 3) The necessary procedures for transferring property rights have been completed.
- 4) The Company has paid the majority of the combination price and has the ability and plan to pay the remaining amount.
- 5) The Company has actually controlled the financial and operation policies of the acquiree, shares the corresponding earnings, and takes corresponding risks.

The assets given, and the liabilities incurred or assumed by the Company as business combination consideration on the acquisition date are measured at fair value. The difference between the fair value and the carrying amount is recorded in the profit or loss for the current period.

The Company recognizes any excess of the combination cost over the fair value of the net identifiable assets acquired from the acquiree in combination as goodwill; upon reassessment, any deficiency of the combination cost below the fair value of the net identifiable assets acquired from the acquiree in combination is recognized in current profits and losses.

**(4) *Costs incurred for combination***

Intermediary fees for such items as auditing, legal services, appraisal and consulting, and other directly related costs incurred for the business combination are charged to current profit or loss as incurred; transaction costs for equity securities issued for the business combination are deducted from equity if they are directly attributable to the equity transaction.

**5. Accounting period**

**(1) *Consolidation Scope***

The scope of consolidation in the Company's consolidated financial statements is determined on the basis of control. All subsidiaries (including structured entities controlled by the Company) are included in the consolidated financial statements.

**(2) *Consolidation Procedures***

The Company prepares consolidated financial statements based on the financial statements of the Company and its subsidiaries, together with other relevant information. In preparing consolidated financial statements, the Company treats the entire enterprise group as a single accounting entity, presents the group's overall financial position, operating results and cash flows in accordance with the recognition, measurement and presentation requirements of the relevant Accounting Standards for Business Enterprises, and applies uniform accounting policies.

Where the accounting policies or accounting periods adopted by a subsidiary are inconsistent with those of the Company, necessary adjustments are made in line with the Company's accounting policies and periods when preparing the consolidated financial statements.

Intra-group transactions and balances between the Company and its subsidiaries, and between subsidiaries, are eliminated in full upon consolidation, to remove their effects on the consolidated balance sheet, consolidated income statement, consolidated cash flow statement and consolidated statement of changes in shareholders' equity. Where the recognition of a transaction differs between the group's consolidated perspective and the separate perspective of the Company or a subsidiary, the transaction is adjusted from the group's perspective.

Non-controlling interests in the net assets, net profit or loss and total comprehensive income of subsidiaries are presented separately under shareholders' equity in the consolidated balance sheet, under net profit and total comprehensive income in the consolidated income statement, respectively. The portion of losses incurred by a subsidiary attributable to non-controlling interests that exceeds the non-controlling interests' share of the subsidiary's opening equity is offset against non-controlling interests.

For subsidiaries acquired through a business combination under common control, their financial statements are adjusted based on the carrying amounts of their assets and liabilities (including goodwill recognized by the ultimate controlling party upon acquiring the subsidiary) in the ultimate controlling party's financial statements.

For subsidiaries acquired through a business combination not under common control, their financial statements are adjusted based on the fair value of their identifiable net assets at the acquisition date.

## **6. Segment information**

The Company has structured its main businesses into three operational systems—a new-type power system, a clean and efficient industrial system, and a green, low-carbon drive system—based on its internal organizational structure, management requirements, and internal reporting system. At the same time, the finance company and other non-main businesses are treated as a separate business segment. Each reportable segment of the Company provides distinct products or services, or operates in different geographical regions. As each segment requires unique technologies or market strategies, the Company's management individually oversees the operating activities of each reportable segment and periodically evaluates their operating results to determine resource allocation and assess their performance.

Inter-segment transfer prices are determined based on actual transaction prices. Indirect expenses attributable to segments are allocated proportionally according to revenue. Assets are allocated based on segment operations and physical location, while segment liabilities include liabilities attributable to the segment's operating activities. Where liabilities are jointly incurred by multiple operating segments, such shared liabilities are allocated to these segments in proportion to the expenses borne by each.

## 7. Changes in accounting policies

### (1) Changes in accounting policies

No changes in accounting policies in the current reporting period.

### (2) Changes in accounting estimates

There are no changes in accounting estimates in the reporting period.

## V. MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

### Note 1. Monetary fund

Item	Ending balance	Beginning balance
Cash on hand	818,719.51	384,197.08
Bank deposits	14,192,718,603.74	15,166,639,993.33
Other cash and cash equivalents	<u>1,052,391,392.96</u>	<u>881,803,049.01</u>
<b>Total</b>	<b><u>15,245,928,716.21</u></b>	<b><u>16,048,827,239.42</u></b>
Including: Total deposits abroad	700,617,884.03	220,165,258.77

Including: Details of restricted cash and cash equivalents are as follows:

Item	Ending balance	Beginning balance
Statutory deposit reserve deposited with the central bank	937,371,898.55	771,973,151.97
Bank acceptance bill deposit	107,657,169.45	71,818,963.13
Others	<u>7,362,324.96</u>	<u>31,281,753.13</u>
<b>Total</b>	<b><u>1,052,391,392.96</u></b>	<b><u>875,073,868.23</u></b>

## Note 2. Accounts receivable

### 1. Accounts receivable presented by ageing

Ageing	Ending book value	Beginning book value
Within 1 year (including 1 year)	<b>4,530,416,926.70</b>	3,672,916,302.04
1-2 years	<b>1,372,137,203.96</b>	1,154,570,404.45
2-3 years	<b>890,130,956.15</b>	1,020,994,741.49
More than 3 years	<b>2,523,325,930.98</b>	3,249,961,844.75
<b>Subtotal</b>	<b>9,316,011,017.79</b>	9,098,443,292.73
Less: provision for bad debts	<u><b>3,556,790,349.19</b></u>	<u>3,944,121,162.70</u>
<b>Total</b>	<u><b>5,759,220,668.60</b></u>	<u>5,154,322,130.03</u>

### 2. Classified presentation of accounts receivable according to bad debt accrual method

Category	Book value		Ending balance Provision for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Provision proportion (%)	
Accounts receivable with provision for bad debts on a single basis	1,199,063,221.29	12.87	990,012,752.01	82.57	209,050,469.28
Accounts receivable with provision for bad debts on a portfolio basis	8,116,947,796.50	87.13	2,566,777,597.18	-	5,550,170,199.32
Including: ageing portfolio	8,109,496,025.61	87.05	2,566,777,597.18	31.65	5,542,718,428.43
Related Parties Group	<u>7,451,770.89</u>	<u>0.08</u>	<u>0.00</u>	<u>0.00</u>	<u>7,451,770.89</u>
<b>Total</b>	<u><b>9,316,011,017.79</b></u>	<u><b>100.00</b></u>	<u><b>3,556,790,349.19</b></u>	<u><b>-</b></u>	<u><b>5,759,220,668.60</b></u>

Category	Book value		Beginning balance		Carrying amount
	Amount	Proportion (%)	Provision for bad debts		
			Amount	Provision proportion (%)	
Accounts receivable with provision for bad debts on a single basis	1,798,600,833.60	19.77	817,157,376.10	45.43	981,443,457.50
Accounts receivable with provision for bad debts on a portfolio basis	7,299,842,459.13	80.23	3,126,963,786.60	-	4,172,878,672.53
Including: ageing portfolio	7,299,842,459.13	80.23	3,126,963,786.60	42.84	4,172,878,672.53
Related Parties Group	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>9,098,443,292.73</b>	<b>100.00</b>	<b>3,944,121,162.70</b>	<b>-</b>	<b>5,154,322,130.03</b>

### Note 3. Contract assets

Item	Ending balance		Carrying amount
	Ending book value	Provision for bad debts	
Retention Money	7,210,124,889.92	875,193,523.50	6,334,931,366.42
Completed and Unsettled Projects	3,250,088,234.81	506,740,520.94	2,743,347,713.87
<b>Total</b>	<b>10,460,213,124.73</b>	<b>1,381,934,044.44</b>	<b>9,078,279,080.29</b>

Item	Beginning balance		Carrying amount
	Ending book value	Provision for bad debts	
Retention Money	6,962,373,853.34	833,715,481.84	6,128,658,371.50
Completed and Unsettled Projects	4,101,434,908.17	351,081,097.22	3,750,353,810.95
<b>Total</b>	<b>11,063,808,761.51</b>	<b>1,184,796,579.06</b>	<b>9,879,012,182.45</b>

### Note 4. Accounts payable

Ageing	Ending balance	Beginning balance
Within 1 year (including 1 year)	<b>10,290,219,613.15</b>	13,256,645,526.69
1-2 years	<b>1,759,535,046.65</b>	1,277,035,318.60
2-3 years	<b>627,614,853.29</b>	798,966,792.55
More than 3 years	<b>1,221,730,257.02</b>	1,236,680,815.97
<b>Total</b>	<b>13,899,099,770.11</b>	<b>16,569,328,453.81</b>

## Note 5. Contract liabilities

Item	Ending balance	Beginning balance
Contract Advances	<u><u>34,084,749,651.29</u></u>	<u><u>26,481,644,744.09</u></u>

## Note 6. Retained earnings

Item	Current Year	Previous Year
Undistributed profits at end of previous year before adjustment	<b>6,823,254,033.56</b>	5,255,688,935.55
Total adjustments to undistributed profits at beginning of year (increase +, decrease -)	<b>0.00</b>	0.00
Undistributed profits at beginning of year after adjustment	<b>6,823,254,033.56</b>	5,255,688,935.55
Add: Net profit attributable to owners of the parent company for the current year	<b>2,665,811,891.04</b>	1,685,571,289.41
Others	<b>-2,352,589.74</b>	179,107.10
Less: Provision for statutory surplus reserve	<b>60,237,048.98</b>	8,262,329.19
Provision for discretionary surplus reserve	<b>0.00</b>	7,931,749.45
Dividends payable on ordinary shares	<u><u>507,634,652.00</u></u>	<u><u>116,286,352.00</u></u>
<b>Balance at end of current year</b>	<u><u><b>8,918,841,633.88</b></u></u>	<u><u><b>6,823,254,033.56</b></u></u>

## Note 7. Operating Revenue 、 Operating Cost

Item	Current Year Amount		Prior Year Amount	
	Revenue	Cost	Revenue	Cost
Principal Business	<u>45,304,801,871.43</u>	<u>38,912,023,160.08</u>	38,068,454,022.01	33,351,696,424.89
Other Business	<u>393,120,343.89</u>	<u>266,415,844.63</u>	229,391,625.29	149,066,662.97
Total	<u><u>45,697,922,215.32</u></u>	<u><u>39,178,439,004.71</u></u>	<u><u>38,297,845,647.30</u></u>	<u><u>33,500,763,087.86</u></u>

## Note 8. Income Tax Expense

### 1. Statement of Income Tax Expense

<b>Item</b>	<b>Current Year Amount</b>	<b>Previous Year Amount</b>
Current income tax expense	<b>300,035,948.12</b>	263,590,609.74
Deferred income tax expense	<b>-213,893,872.84</b>	<u>37,272,161.36</u>
Total	<b><u>86,142,075.28</u></b>	<b><u>300,862,771.10</u></b>

## Note 9. Net Current Assets

<b>Item</b>	<b>Ending balance</b>	<b>Beginning balance</b>
Current assets	<b>64,950,484,482.02</b>	60,208,795,230.03
Less: Current liabilities	<b><u>57,549,816,404.90</u></b>	<u>53,944,396,778.99</u>
Net current assets	<b><u>7,400,668,077.12</u></b>	<b><u>6,264,398,451.04</u></b>

## Note 10. Total Assets Less Current Liabilities

<b>Item</b>	<b>Ending balance</b>	<b>Beginning balance</b>
Total assets	<b>78,662,795,470.89</b>	71,946,155,154.17
Less: Current liabilities	<b><u>57,549,816,404.90</u></b>	<u>53,192,396,798.99</u>
Total assets less current liabilities	<b><u>21,112,979,065.99</u></b>	<b><u>18,753,758,355.18</u></b>

## Note 11. Segment Reporting

### (1) Financial information of the 2025 annual report segments

Unit: Ten thousand yuan

Item	New-type power system	Green, low-carbon drive system	Clean and efficient industrial system	Other businesses	Offset	Total
I. Operating revenue	3,169,614.20	34,683.84	484,800.59	1,226,203.90	-345,510.31	4,569,792.22
Including: external transaction revenue	2,908,384.23	34,683.84	461,598.05	1,165,126.10	0.00	4,569,792.22
Intra-segment transaction revenue	261,229.97	0.00	23,202.53	61,077.81	-345,510.31	0.00
II. Investment income from associates and joint ventures	26,788.85	293.14	4,097.42	10,677.09	-140.68	41,715.83
III. Asset impairment loss	-32,170.09	-352.02	-4,920.50	-12,821.87	0.00	-50,264.48
IV. Credit impairment loss	13,049.84	142.80	1,996.01	5,201.21	0.00	20,389.86
V. Total profit	207,523.25	2,270.85	31,741.21	82,711.48	-50,972.42	273,274.36
VI. Income tax expenses	5,513.23	60.33	843.26	2,197.38	0.00	8,614.21
VII. Net profit	202,010.02	2,210.52	30,897.95	80,514.10	-50,972.42	264,660.15
VIII. Total assets	7,536,440.66	82,468.30	1,152,717.85	3,003,760.66	-3,909,107.92	7,866,279.55
IX. Total current liabilities	5,636,377.23	61,676.65	862,098.30	2,246,462.08	-2,787,961.12	6,018,653.13

**(2) Financial information of the 2024 annual report segments**

*Unit: Ten thousand yuan*

Item	New-type power system	Green, low-carbon drive system	Clean and efficient industrial system	Other businesses	Offset	Total
I. Operating revenue	3,138,229.82	68,006.41	473,516.84	672,329.63	-522,298.14	3,829,784.56
Including: external transaction revenue	2,698,676.98	66,086.78	453,625.96	611,394.85	0.00	3,829,784.56
Intra-segment transaction revenue	439,552.84	1,919.63	19,890.88	60,934.78	-522,298.14	0.00
II. Investment income from associates and joint ventures	1,000.92	-135.30	-940.16	732.23	-233.17	424.54
III. Asset impairment loss	33,384.18	283.88	5,294.83	-49,507.42	0.00	-10,544.53
IV. Credit impairment loss	4,888.07	-49.60	-4,202.13	48,048.01	0.00	50,200.34
V. Total profit	142,407.34	1,664.62	8,059.02	68,227.10	-18,419.38	201,938.69
VI. Income tax expenses	13,990.24	84.80	875.93	15,135.31	0.00	30,086.28
VII. Net profit	128,417.10	1,579.82	7,183.09	53,091.79	-18,419.38	171,852.42
VIII. Total assets	<u>6,344,889.67</u>	<u>96,683.43</u>	<u>1,088,687.19</u>	<u>3,379,022.73</u>	<u>-3,714,667.50</u>	<u>7,194,615.52</u>
IX. Total current liabilities	<u><u>4,455,763.04</u></u>	<u><u>74,523.99</u></u>	<u><u>860,372.47</u></u>	<u><u>2,778,363.99</u></u>	<u><u>-2,593,394.10</u></u>	<u><u>5,575,629.39</u></u>

**(3) Regional Information**

<b>Item</b>	<b>Income from external customers</b>	
	<b>2025</b>	<b>2024</b>
1. Domestic (China)	<b>38,041,955,802.85</b>	33,582,875,611.47
2. overseas	–	–
– Islamic Republic of Pakistan	<b>562,968,230.55</b>	781,886,758.56
– Republic of Turkey	<b>454,920,271.98</b>	374,334,198.23
– The United Arab Emirates	<b>-624,293,216.05</b>	-102,672,090.76
– The Republic of Ecuador	<b>-8,903,922.62</b>	137,217,251.38
– The Republic of Iraq	<b>1,262,716.16</b>	11,942,265.08
– The Republic of Indonesia	<b>12,147,223.68</b>	454,411,051.15
– The Republic of Uzbekistan	<b>1,544,167,730.08</b>	1,389,214,624.48
– The Republic of Mexico	<b>397,070,501.75</b>	798,607,260.49
– Kingdom of Saudi Arabia	<b>4,573,611,898.26</b>	31,939,257.81
– other countries	<b>743,014,978.68</b>	838,089,459.41
Overseas subtotal	<b>7,655,966,412.47</b>	4,714,970,035.83
Total	<b><u>45,697,922,215.32</u></b>	<b><u>38,297,845,647.30</u></b>

## Note 12. Investment in associates and joint ventures

Investee	Beginning balance	Opening balance of impairment provision	Changes during the year		
			Additional investment	Disposal of investment	Investment income
<b>1. Joint ventures</b>					
Harbin Qingfeng New Energy Co., Ltd.	70,200,767.71	0.00	29,800,000.00	0.00	19,757,825.02
Dongning Xinfeng New Energy Co., Ltd.	5,000,000.00	0.00	10,000,000.00	0.00	613.77
Hatong Gas Turbine (Qinhuangdao) Co., Ltd.	97,285,943.21	0.00	0.00	0.00	2,094,388.82
<b>Subtotal</b>	<b>172,486,710.92</b>	<b>0.00</b>	<b>39,800,000.00</b>	<b>0.00</b>	<b>21,852,827.61</b>
<b>2. Associates</b>					
GE-HPEC-NTC Energy Services (Qinhuangdao) Co., Ltd.	120,438,383.50	0.00	0.00	0.00	15,872,163.17
Harbin Ruifeng New Energy Co., Ltd.	55,721,163.20	0.00	0.00	0.00	142,716.42
Liaocheng Xiangguang Power Generation Co., Ltd.	117,023,689.16	84,811,282.29	0.00	0.00	864,329.35
Harbin Electric Power Equipment Co., Ltd.	467,955,551.10	0.00	140,000,000.00	0.00	79,779,168.42
Harbin Huitong Electric Power Engineering Co., Ltd.	12,791,789.81	0.00	0.00	0.00	1,479,483.80
Dalian Zhidian Chuangshi Electric Power Design Co., Ltd.	10,123,910.55	0.00	0.00	0.00	302,541.72
ACWA Power Harbin Holdings Limited	0.00	0.00	0.00	0.00	304,344,628.31
Harbin Liling Electric Machinery Hydroelectric Equipment New Technology Development Co., Ltd.	7,757,801.23	0.00	0.00	0.00	258,572.60
Hunan Wuling Energy Efficiency Technology Co., Ltd.	6,031,558.76	0.00	0.00	0.00	429,868.25
Harbin Oil and Electricity Tongchuang Energy Co., Ltd.	4,156,232.25	0.00	0.00	0.00	1,267,742.70
Shenyang Dewatt Steam Turbine Power Co., Ltd.	0.00	0.00	9,435,778.46	0.00	-9,435,778.46
<b>Subtotal</b>	<b>802,000,079.56</b>	<b>84,811,282.29</b>	<b>149,435,778.46</b>	<b>0.00</b>	<b>395,305,436.28</b>
<b>Total</b>	<b>974,486,790.48</b>	<b>84,811,282.29</b>	<b>189,235,778.46</b>	<b>0.00</b>	<b>417,158,263.89</b>

Investee	Changes during the year					Ending balance	Impairment provision at the end of the year
	Other comprehensive income adjustments	Other changes in equity	Declaration of cash dividends or profit distribution	Provision for impairment	Others		
<b>1. Joint ventures</b>							
Harbin Qingfeng New Energy Co., Ltd.	0.00	0.00	0.00	0.00	0.00	119,758,592.73	0.00
Dongning Xinfeng New Energy Co., Ltd.	0.00	0.00	0.00	0.00	0.00	15,000,613.77	0.00
Hatong Gas Turbine (Qinhuangdao) Co., Ltd.	0.00	0.00	0.00	0.00	0.00	99,380,332.03	0.00
<b>Subtotal</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>234,139,538.53</b>	<b>0.00</b>
<b>2. Associates</b>							
GE-HPEC-NTC Energy Services (Qinhuangdao) Co., Ltd.	0.00	0.00	0.00	0.00	0.00	136,310,546.67	0.00
Harbin Ruifeng New Energy Co., Ltd.	0.00	0.00	0.00	0.00	0.00	55,863,879.62	0.00
Liaocheng Xiangguang Power Generation Co., Ltd.	0.00	0.00	0.00	0.00	0.00	117,888,018.51	84,811,282.29
Harbin Electric Power Equipment Co., Ltd.	0.00	0.00	0.00	0.00	0.00	687,734,719.52	0.00
Harbin Huitong Electric Power Engineering Co., Ltd.	0.00	0.00	-4,161,147.26	0.00	0.00	10,110,126.35	0.00
Dalian Zhidian Chuangshi Electric Power Design Co., Ltd.	0.00	0.00	-1,862,257.57	0.00	0.00	8,564,194.70	0.00
ACWA Power Harbin Holdings Limited	-31,623,984.73	0.00	0.00	0.00	-1,139,829.56	271,580,814.02	0.00
Harbin Liling Electric Machinery Hydroelectric Equipment New Technology Development Co., Ltd.	0.00	0.00	-139,653.50	0.00	0.00	7,876,720.33	0.00
Hunan Wuling Energy Efficiency Technology Co., Ltd.	0.00	0.00	0.00	0.00	0.00	6,461,427.01	0.00
Harbin Oil and Electricity Tongchuang Energy Co., Ltd.	0.00	0.00	-850,000.00	0.00	0.00	4,573,974.95	0.00
Shenyang Dewatt Steam Turbine Power Co., Ltd.	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Subtotal</b>	<b>-31,623,984.73</b>	<b>0.00</b>	<b>-7,013,058.33</b>	<b>0.00</b>	<b>-1,139,829.56</b>	<b>1,306,964,421.68</b>	<b>84,811,282.29</b>
<b>Total</b>	<b>-31,623,984.73</b>	<b>0.00</b>	<b>-7,013,058.33</b>	<b>0.00</b>	<b>-1,139,829.56</b>	<b>1,541,103,960.21</b>	<b>84,811,282.29</b>

### **Note 13. Return on Net Assets and Earnings Per Share**

<b>Item</b>	<b>Current Year</b>
Net profit attributable to shareholders of the parent company	2,665,811,891.04
Non-recurring profit or loss attributable to the parent company	-193,011,111.72
Net profit attributable to shareholders of the parent company, excluding non-recurring profit or loss	2,858,823,002.76
Weighted average number of ordinary shares outstanding	2,236,276,000.00
Basic earnings per share (I) (before excluding non-recurring items)	1.1921
Basic earnings per share (II) (after excluding non-recurring items)	1.2784
Weighted average return on net assets (I) (before excluding non-recurring items)	16.0185
Weighted average return on net assets (II) (after excluding non-recurring items)	17.1782

### **Note 14. Dividends**

The Board of Directors proposes to distribute a final dividend for the year 2025 of RMB0.358 (tax inclusive) per share to shareholders, based on the Company's total share capital of 2,236,276,000 shares, accounting for 30.08% of the Company's earnings per share for the year 2025, with a total dividend distribution amounting to RMB800,586,808.00.

Dividends for H-share shareholders will be paid in Hong Kong dollars, with the exchange rate calculated based on the market rate of RMB against HKD published by the People's Bank of China for the five days prior to March 26, 2025, being RMB1 = HKD1.136. H-share shareholders will receive a dividend of HKD0.406688 per share.

The final dividend distribution proposal for the year 2025 will be deliberated and approved at the Company's 2025 Annual General Meeting to be held on May 22, 2026.

As of December 31, 2025, no shareholder had notified the Company of any waiver or agreement to waive any dividends.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

(Unless otherwise stated, all amounts are denominated in Renminbi)

### **MACRO-ECONOMY AND INDUSTRY DEVELOPMENT**

In 2025, under the strong leadership of the Central Committee of the Communist Party of China with Comrade Xi Jinping at its core, the whole Party and people of all ethnic groups across the country rose to challenges and worked hard, unswervingly implemented the new development philosophy, promoted high-quality development, coordinated both domestic and international imperatives, and implemented more proactive and effective macroeconomic policies. China's economy withstood pressures and forged ahead toward a new and optimized development path, with the construction of a modern industrial system continuously advanced and new strides made in reform and opening up.

In 2025, China's power supply continued its green and low-carbon transformation, with the construction of power system regulation capacity accelerated in tandem, and the installed capacity of non-fossil energy power generation accounted for more than 60% of the total. According to relevant statistics from the China Electricity Council, the newly installed power generation capacity nationwide reached 550 million kilowatts in 2025, an increase of 110 million kilowatts year-on-year. Among them, the total newly installed capacity of wind power and solar power reached 440 million kilowatts throughout the year, while the newly installed capacity of gas-fired power and pumped storage power generation reached 19.92 million kilowatts and 7.48 million kilowatts respectively. By the end of 2025, China's full-caliber installed power generation capacity reached 3.89 billion kilowatts, of which coal power accounted for 32.4% of the total installed power generation capacity, and the combined installed capacity of grid-connected wind power and solar power accounted for 47.3% of the total installed capacity. The installed capacity of non-fossil energy power generation stood at 2.40 billion kilowatts, comprising 450 million kilowatts of hydropower (including 65.94 million kilowatts of pumped storage), 62.48 million kilowatts of nuclear power, 640 million kilowatts of grid-connected wind power (including 590 million kilowatts of onshore wind power and 47.39 million kilowatts of offshore wind power), and 1.20 billion kilowatts of grid-connected solar power.

### **PRODUCTION AND OPERATION**

In 2025, the Company thoroughly studied and implemented the important speeches and directive instructions of General Secretary Xi Jinping, fully implemented the decisions and deployments of the CPC Central Committee and the State Council, united and led all cadres and employees to take solid actions and overcome difficulties. The operating revenue, total profit, and value of formal contracts signed all reached record highs in the Company's history, delivering an outstanding report for the high-quality conclusion of the 14th Five-Year Plan period.

## **New contracts**

In 2025, the Company achieved a total value of formal contracts signed of RMB64.630 billion, representing a year-on-year increase of 13.64%. Of this amount, RMB43.996 billion was from new-type power equipment, a year-on-year increase of 25.92% (including RMB24.282 billion for coal power equipment, a year-on-year increase of 39.41%; RMB9.408 billion for hydro power equipment, a year-on-year decrease of 2.50%; RMB8.609 billion for nuclear power equipment, a year-on-year increase of 81.62%); RMB789 million for green and low-carbon drive equipment, a year-on-year decrease of 21.26%; RMB3.353 billion for clean and efficient industrial systems, a year-on-year decrease of 36.66%; RMB10.580 billion for EPC and trading, a year-on-year decrease of 3.74%; and RMB5.912 billion for modern manufacturing and service industry, a year-on-year increase of 27.28%.

**New-type power equipment:** At the national level, adherence to power development first and continuous advancement of building an energy powerhouse have maintained a growing trend in the total installed capacity of coal power, which serves as the ballast and stabilizer of the new power system, leading to a significant increase in the value of formal contracts signed in the coal power industry. Pre-awarded projects in the nuclear power market successively came into effect, resulting in a substantial rise in the value of formal contracts signed in the nuclear power industry.

**Clean and efficient industrial systems:** The value of formal contracts signed decreased due to a decline in orders from the industrial and petrochemical businesses.

**Modern manufacturing and service industry:** The Company continued to step up efforts to tap the potential of the service market and actively expand the overseas business of retrofitting old units, leading to a notable increase in the value of formal contracts signed.

## **Production**

To ensure the sustainable and healthy development of the Company and scientifically prevent and control operational risks, the Company arranged reasonable production scheduling in light of the on-hand orders, market conditions, customer demand and project progress. In 2025, the output of the Company's power generation equipment amounted to 35,350MW, representing a year-on-year increase of 29.20%; of which 7,810MW were produced by water turbine generator units, a year-on-year increase of 4.41%; and 27,540MW were produced by steam turbine generators, a year-on-year increase of 38.53%. The output of steam turbines for power stations was 22,930MW, representing a year-on-year increase of 27.18%, and that of boilers for power stations was 21,240MW, representing a year-on-year increase of 23.13%.

## Scientific Research and Innovation

In 2025, the Company's R&D investment reached RMB2.376 billion, with an R&D intensity of 5.16%. Throughout the year, the Company received 48 provincial and ministerial-level science and technology awards. Among these, the "Key Technology and Engineering Application of the Baihetan Million-Kilowatt Unit (白鶴灘百萬機組關鍵技術及工程應用)" won the Special Prize of the Science and Technology Award of China Machinery Industry Federation; projects such as the Real-time Simulation Technology and Application of Fatigue Life of Pressure Equipment with Complex Structures (複雜結構承壓設備疲勞壽命即時仿真技術及應用) won the First Prize for Scientific and Technological Progress in Heilongjiang Province. The Development and Engineering Application of a New Generation of Ultra-wide Load and High Stability Hydraulic Turbines (超寬負荷高穩定性新一代水輪機研製及工程應用), and the Key Technology and Application of Intelligent Safety Defense for Deep Peak Regulation of Large Turbine Generators (大型汽輪發電機深度調峰智能安全防禦關鍵技術與應用) won the First Prize of the China Power Innovation Award. The Company completed the authorization of 290 patents, including 144 invention patents, and published 2 international standards and 49 national and industry standards.

In 2025, the Company fully leveraged its role as the main player in scientific and technological innovation of enterprises, actively integrated into the national scientific and technological innovation system, gathered innovative elements, optimized the innovation ecosystem, promoted the transformation of achievements, identified the main direction for developing new quality productive forces, and drove industrial transformation and upgrading. Its subsidiary Harbin Turbine Company Limited (汽輪機公司) was successfully included in the list of the "Ninth Batch of National Manufacturing Single Champion Enterprises". Six projects including the "1000MW Class 650 °C High-efficiency Ultra-supercritical Coal-fired Single Reheat Generating Unit (1000MW級650 °C 高效超臨界燃煤一次再熱發電機組)" were approved as the fifth batch of major technological equipment in the energy sector (first-of-their-kind applications) by the National Energy Administration. Two achievements including the "Complete Set of 500MW Class Large Pelton Turbine Generator (500兆瓦級大型衝擊式水輪發電機成套裝置)" were selected into the "Top 10 Scientific and Technological Innovation Achievements in the Energy Industry 2025" by the National Energy Administration. The units of the 425MW Zhejiang Tiantai Pumped Storage Power Station, with the world's highest rated water head and the largest single-unit capacity in China, were put into operation with world-leading performance. The world's first 500MW Pelton Turbine Runner with the largest runner size of 6.23 meters was successfully developed. The world's first megawatt-scale compressed CO<sub>2</sub> electrothermal energy storage pilot system was successfully selected into the "Top 10 Super Projects of Central SOEs in 2025".

## **Capital Expenditure and Significant Investments Held**

In 2025, the Company incurred a total capital expenditure of RMB1.433 billion for key project construction and technological transformation projects. Major projects included the nuclear power infrastructure capacity enhancement project, pumped storage capacity enhancement project, welding digital workshop construction project, and technical measure and technological transformation projects of subsidiaries. All projects progressed steadily, with some completed and put into operation as a whole.

In 2026, the Company plans to invest RMB1.646 billion in key project construction and technological transformation projects, mainly for the nuclear power infrastructure capacity enhancement project, gas turbine infrastructure capacity enhancement project, digital workshop construction project, and technical measure and technological transformation projects of subsidiaries.

## **Major Acquisitions and Sales of Subsidiaries, Associates and Joint Ventures**

In 2025, the Company had no major acquisitions or sales of subsidiaries, associates and joint ventures.

## **MAJOR FINANCIAL INDEXES**

### **Profit**

In 2025, the Company achieved a net profit attributable to owners of the parent company of RMB2,665.81 million, representing an increase of RMB980.24 million compared with the previous year. Earnings per share were RMB1.19. The increase in the Company's profit was mainly attributable to the positive results achieved by the Company in vigorously developing the market, resulting in a substantial year-on-year increase in operating revenue, as well as an improvement in the gross profit margin of its products compared with the same period last year, further enhancing profitability.

### **Operating Revenue**

In 2025, the Company recorded an operating revenue of RMB45,697.92 million, representing a year-on-year increase of 19.32%. Of this amount, RMB29,083.84 million was from new-type power equipment, a year-on-year increase of 7.77% (including RMB18,526.59 million for coal power equipment, a year-on-year increase of 16.19%; RMB3,958.67 million for hydro power equipment, a year-on-year decrease of 8.1%; RMB4,382.81 million for nuclear power equipment, a year-on-year increase of 3.52%; RMB873.35 million for gas power equipment, a year-on-year decrease of 55.26%); RMB346.84 million for green and low-carbon drive equipment, a year-on-year decrease of 47.52%; RMB4,615.98 million for clean and efficient industrial systems, a year-on-year increase of 1.76%; RMB7,922.48 million for EPC and trading, a year-on-year increase of 100.84%; and RMB3,335.67 million for modern manufacturing and service industry, a year-on-year increase of 88.70%.

In 2025, the Company recorded a revenue from export of RMB7,655.97 million, accounting for 16.75% of the total operating revenue, an increase of RMB2,941.00 million over the same period of the previous year. The export business of the Company was mainly concentrated in Asia, the Americas and Europe, with export to Asia amounting to RMB7,170.56 million, export to the Americas amounting to RMB388.17 million, and export to Europe amounting to RMB102.00 million.

## **Cost**

In 2025, the operating costs of the Company amounted to RMB39,178.44 million, representing a year-on-year increase of 16.95%, with the growth rate of operating costs lower than that of operating revenue.

## **Gross Profit and Gross Profit Margin**

In 2025, the Company realized a gross profit from operating business of RMB6,519.48 million, representing a year-on-year increase of RMB1,722.39 million, and a gross profit margin of 14.27%, representing a year-on-year increase of 1.74 percentage points. The gross profit of new-type power equipment was RMB5,026.96 million, with a gross profit margin of 17.28%, representing a year-on-year increase of 2.86 percentage points (of which, gross profit of coal power equipment was RMB3,274.85 million, with a gross profit margin of 17.68%, representing a year-on-year increase of 6.30 percentage points; the gross profit of hydro power equipment was RMB701.43 million, with a gross profit margin of 17.72%, representing a year-on-year increase of 3.58 percentage points; the gross profit of nuclear power equipment was RMB746.88 million, with a gross profit margin of 17.04%, representing a year-on-year decrease of 13.65 percentage points; the gross profit of gas power equipment was RMB97.76 million, with a gross profit margin of 11.19%, representing a year-on-year increase of 5.32 percentage points). The gross profit of green and low-carbon drive equipment was RMB38.97 million, with a gross profit margin of 11.24%, representing a year-on-year increase of 4.93 percentage points; the gross profit of clean and efficient industrial systems was RMB314.65 million, with a gross profit margin of 6.82%, representing a year-on-year increase of 3.23 percentage points; the gross profit of EPC and trading was RMB-17.46 million, with a gross profit margin of -0.22%, representing a year-on-year decrease of 5.41 percentage points. The gross profit of modern manufacturing and service industry was RMB1,029.67 million, with a gross profit margin of 30.87%, representing a year-on-year decrease of 3.59 percentage points. The year-on-year increase in the gross profit margin of operating activities was mainly due to the Company's active efforts to deepen quality and efficiency improvements, leading to an enhanced comprehensive profitability of products.

## **Expenses for the Period**

In 2025, the Company incurred expenses of RMB4,025.99 million in the period, representing a year-on-year increase of RMB330.76 million, or 8.95%. Firstly, the accumulated administrative expenses totaled RMB1,969.09 million, an increase of RMB274.60 million year on year, mainly due to higher management costs resulting from expanded production scale and increased employee wages. Secondly, the accumulated selling expenses amounted to RMB614.92 million, an increase of RMB8.11 million year on year, mainly driven by the growth in operating activity expenses. Thirdly, the accumulated financial expenses reached RMB251.01 million, an increase of RMB9.14 million year on year, mainly due to increased exchange losses from forward exchange settlement. Fourthly, the accumulated research and development expenses totaled RMB1,190.96 million, an increase of RMB38.91 million year on year, as the Company maintained a high level of investment in research and development.

## **Funding Source and Borrowing Status**

The Company finances its operation and development with four major funding sources, namely shareholder's funds, trade receivables from customers, bank borrowings and state-funded entrusted loans. The Company arranges borrowings based on each specific project. Except for special circumstances, loans are usually raised by each of the Company's subsidiaries respectively within the annual financing budget. As of 31 December 2025, the balance of the Company's borrowings amounted to RMB4,423.57 million (31 December 2024: RMB5,669.20 million), all of which were borrowings from various financial institutions such as commercial banks and state-funded entrusted loans at the Loan Prime Rate (LPR). The decrease in borrowings was mainly due to the Company leveraging the role of the finance company as a financing platform to reasonably control the scale of interest-bearing liabilities, thereby reducing external borrowings. Among those borrowings, the amount repayable within one year amounted to RMB4,171.41 million, representing a decrease of RMB687.30 million as compared with the beginning of the year; the borrowings repayable after one year amounted to RMB252.16 million, representing a decrease of RMB558.33 million as compared to the beginning of the year. As of 31 December 2025, the Company's outstanding bank borrowings were primarily denominated in RMB, and no debt default has occurred. The repayment plan has been made for the borrowings that are not yet due, with no risk of default.

## **Monetary Capital and Cash Flows**

As of 31 December 2025, the monetary capital of the Company was RMB15,245.93 million, representing a decrease of RMB802.90 million as compared with the beginning of the year. The decrease was mainly due to the increase in the Company's production inputs and raw material reserves, the active settlement of payments to small and medium-sized enterprises through cash payments with full utilization of cash for payables where applicable, which led to an increase in operating cash outflows and a decline in the total amount of monetary capital. During the period, the net cash flow generated from operating activities of the Company was RMB4,628.76 million; the net cash flow from investing activities was RMB-4,306.52 million; the net cash flow from financing activities was RMB-1,184.98 million.

## **Asset Structure and Movements**

As of 31 December 2025, the Company's total assets amounted to RMB78,662.79 million, an increase of RMB6,716.64 million or 9.34% as compared with the beginning of the year. Among these, current assets totaled RMB64,950.48 million, accounting for 82.57% of total assets, while non-current assets amounted to RMB13,712.31 million, accounting for 17.43% of total assets.

## **Liabilities**

As of 31 December 2025, total liabilities of the Company amounted to RMB60,186.53 million, representing an increase of RMB4,430.24 million or 7.95% as compared with the beginning of the year. Out of this amount, RMB57,549.82 million was current liabilities, accounting for 95.62% of the total liabilities; and RMB2,636.71 million was non-current liabilities, accounting for 4.38% of the total liabilities. As of 31 December 2025, the gearing ratio of the Company was 76.51%, representing a decrease of 0.99 percentage points compared with the same period of the previous year.

## **Owners' Interests**

As of 31 December 2025, the total equity attributable to the owners of the parent company of the Company amounted to RMB17,801.47 million, representing an increase of RMB2,318.71 million as compared with the beginning of the year; the net asset value per share was RMB7.96, representing an increase of RMB1.04 as compared with the beginning of the year. During the period, the return rate on net assets of the Company was 15.27%.

## **Gearing Ratio**

As of 31 December 2025, the Company's gearing ratio (non-current liabilities over total shareholders' equity) was 0.14:1, compared with 0.16:1 at the beginning of the year.

## Contingent Liabilities and Pledges

As of 31 December 2025, the guarantees provided by the Company to its subsidiaries and the guarantees between subsidiaries of the Company amounted to RMB10.73 million in aggregate. There was no external guarantee or pledge from the Company.

## Exposure to Fluctuations in Exchange Rate

Some of the deposits of the Company are denominated in foreign currencies. As at 31 December 2025, the amount of the Company's deposits in foreign currencies was equivalent to RMB1,153.46 million. The export business and businesses settled in foreign currencies expose the Company to certain exchange risk. The Company has adopted forward exchange settlement in respect of part of USD foreign currency.

## Use of Fund-raising Proceeds

Pursuant to the resolution passed at the general meeting on 12 April 2023, the Company approved the issuance of 529,753,000 new domestic shares to HE, with total fund-raising proceeds of RMB1.697 billion (the "2023 Proceeds"). As of 31 December 2024, RMB500 million of the 2023 Proceeds earmarked for replenishment of liquidity remained unutilized (the "Relevant Funds"), which was scheduled to be fully utilized by 31 December 2025. As of 31 December 2025, the Relevant Funds have been fully utilized for replenishment of liquidity in accordance with the plan, and all of the 2023 Proceeds have been fully used in accordance with the planned purposes and schedule.

The use of the 2023 Proceeds is set out below:

Intended use of the 2023 Proceeds	Intended amount of the 2023 Proceeds <i>(RMB100 million)</i>	Intended utilization time of the 2023 Proceeds	Utilized amount of the 2023 Proceeds <i>(RMB100 million)</i>	Remaining amount of the 2023 Proceeds <i>(RMB100 million)</i>
Ordinary administrative expenses and repayment of loans	1.97	On or before 31 December 2023	1.97	0
Replenishment of liquidity	15	On or before 31 December 2023	15	0
Total	<u>16.97</u>		<u>16.97</u>	<u>0</u>

All the funds raised from the issuance of shares and bonds in the previous years have been fully used.

## **Dividend**

Based on the Company's total share capital of 2,236,276,000 shares, the board of directors recommends a final dividend of RMB0.358 per share (tax inclusive) for the year 2025, representing 30.08% of the Company's earnings per share for the year 2025, for a total dividend of RMB800,586,808.00.

The dividends of H-share shareholders will be paid in HKD at the market exchange rate of RMB against HKD published by the People's Bank of China five days prior to 26 March 2026, that is, 1 RMB is equivalent to HK\$1.136, and the dividend of H-share shareholders will be HK\$0.406688 per share.

The Company will review and approve the 2025 final dividend distribution plan at the 2025 Annual General Meeting of Shareholders to be held on 22 May 2026.

No shareholder has told the Company to waive or agree to waive any dividend as of 31 December 2025.

## **Closure of Register for the Purpose of Dividend Payment**

The final dividend for the year of 2025 of the Company will be distributed on 23 July 2026, and the register of members of the Company will be closed from 29 May 2026 to 3 June 2026 (both dates inclusive). Final dividends for the year of 2025 of the Company will be distributed to shareholders whose names appear in the register of members of the Company on 29 May 2026.

In order to be qualified for the final dividends for 2025, all duly completed transfers of shares together with the relevant share certificates must be lodged with Computershare Hong Kong Investor Services Limited, the Company's share registrar in Hong Kong, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for the holders of the H Shares only) or the Company's principal place of business in the PRC at 1399 Chuangxinyi Road, Songbei District, Harbin, Heilongjiang Province, the PRC (for the holders of the domestic shares only) not later than 4:30 p.m. on 28 May 2026.

## **Dividend Tax**

Pursuant to 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 other relevant requirements, the Company will withhold and pay the individual income tax in respect of the dividend (bonus) received by individual shareholders of H shares from the Company. Individual shareholders of H shares of the Company may be entitled to certain tax preferential treatments pursuant to the tax treaties between the PRC and the countries in which the individual shareholders of H shares are domiciled and the tax arrangements between Mainland China and Hong Kong (Macau). The Company will determine the residence of the individual shareholders of H shares based on the registered address as recorded in the register of shareholders on the book closure date. The specific arrangement will be as follows:

For individual shareholders of H shares who are residents of Hong Kong or Macau and countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on their behalf; for individual shareholders of H shares who are residents of countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of less than 10%, the Company will withhold and pay individual income tax at the rate of 10% on their behalf. Individual shareholders of H shares may apply for refund of the excess amount of individual income tax withheld by providing relevant information for approval by the taxation authority; for individual shareholders of H shares who are residents of countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax at the effective rate stipulated by the relevant tax treaty on behalf of the relevant shareholders; for individual shareholders of H shares who are residents of countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of 20% or have not entered into any tax treaties with the PRC, and in any other circumstances, the Company will withhold and pay individual income tax at the rate of 20% on behalf of the relevant shareholders. According to the Enterprise Income Tax Law of the People's Republic of China, the Company will withhold and pay dividend income tax at the rate of 10% on behalf of the non-resident corporate shareholders.

According to the requirements of the local tax authorities where the Company is located, individual shareholders of H shares of the Company who need personal income tax clearance certificates shall provide their passport information. Therefore, for those individual shareholders of H shares of the Company who need the personal income tax clearance certificates, please deliver the copy or scanning copy of their passports to the contact address of the Company before 30 days from the date of the dividend payment. For those shareholders of H shares who fail to provide their passport information, the Company will withhold and pay individual income tax collectively.

## **SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS**

In accordance with the Articles of Association of the Company, all directors are elected by the general meeting for a term of 3 years from the date of their election, and are eligible for re-election upon the expiry of their term. In addition, pursuant to Article 83 of the Articles of Association, the Board is authorized, with the approval of the general meeting, to appoint any person to fill a casual vacancy on the Board or to appoint an additional director, whose term of office shall end upon the conclusion of the next annual general meeting of the Company. Such persons shall be eligible for re-election. Mr. Liu Qingyong and Mr. Li Xiehua will retire at the 2025 Annual General Meeting, and are eligible and willing to offer themselves for re-election.

Shareholder representative supervisors are elected by the general meeting, while employee representative supervisors are democratically elected by the employees of the Company. The supervisors of the Company hold office for a term of 3 years and are eligible for re-election upon the expiry of their term.

None of the directors proposed for re-election at the 2025 Annual General Meeting has entered into a service contract with the Company which cannot be terminated within one year without payment of compensation (other than statutory compensation).

Mr. Du Xing-kai, Mr. Liu Qing-yong and Mr. Li Xie-hua obtained the legal opinions referred to in Rule 3.09D of the Listing Rules on 7 April 2025, 2 September 2025 and 1 December 2025 respectively. Each of them has confirmed that he understands his responsibilities as a director of the Company.

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

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

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

In 2025, none of the directors, supervisors and senior management of the Company, nor their respective associates, had or deemed to have any interest or short position in the shares, underlying shares and debentures (as the case may be) of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (SFO)) which was required to be notified to the Company and the Hong Kong Stock Exchange (including any interest or short position which any such director, supervisor or senior management is taken or deemed to have under such provisions of the SFO) pursuant to Divisions 7 and 8 of Part XV of the SFO, or which was required to be recorded in the Register kept by the Company pursuant to section 352 of the SFO, or which was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix C3 to the Listing Rules.

## **RIGHTS OF DIRECTORS AND SUPERVISORS TO PURCHASE SHARES OR DEBENTURES**

In 2025, none of the directors and supervisors, nor their respective spouses or children under the age of 18, was authorized to benefit from the acquisition of shares or debentures of the Company, nor did they exercise any such rights; nor did the Company or any of its subsidiaries participate in any arrangement to enable the directors and supervisors to acquire such rights in any other corporation.

## **INTERESTS OF DIRECTORS AND SUPERVISORS IN CONTRACTS OF SIGNIFICANCE**

In 2025, none of the Directors or Supervisors of the Company has any interest, whether directly or indirectly, in the contracts of significance entered into by the Company or its subsidiaries.

## **INTERESTS OF DIRECTORS AND SUPERVISORS IN COMPETING BUSINESSES**

In 2025, none of the Directors or Supervisors, nor their respective associates, had any interest in any business which competes or may compete directly or indirectly with the business of the Company.

## **CONTRACTS OF SIGNIFICANCE WITH THE CONTROLLING SHAREHOLDERS OR THEIR SUBSIDIARIES**

On 30 June 2025, the Company entered into a Capital Increase Agreement with Jiamusi Electric Machine Co., Ltd. (“**Jiamusi Electric**”), a subsidiary of HE, the controlling shareholder of the Company, and Dongzhuang Company, a subsidiary of Jiamusi Electric. Pursuant to the agreement, the Company and Jiamusi Electric made capital increases to Dongzhuang Company of RMB140 million and RMB483 million respectively. Upon completion of the capital increase, the Company and Jiamusi Electric hold 39.42% and 60.58% of the equity interests in Dongzhuang Company respectively. For details, please refer to the announcements of the Company dated 30 June 2025 and 10 July 2025.

On 30 December 2025, the Company renewed the new Framework Agreement on Products and Services and the new Framework Agreement on Financial Services with HE, the controlling shareholder of the Company, on substantially the same terms, agreeing that the two parties will carry out relevant continuing connected transactions at fair and reasonable market prices and on normal commercial terms during the term of the agreements. For details, please refer to the announcement of the Company dated 30 December 2025 and the supplemental announcement date 11 March 2026.

## **CONTINGENT LIABILITIES – GUARANTEES**

As of 31 December 2025, total internal guarantees in favour of the Company made by the Company and its subsidiaries amounted to RMB10.73 million. No external guarantee was provided.

## **PERMITTED INDEMNITY PROVISION**

As provided by applicable laws, each director of the Company or other senior management of the Company is entitled to be indemnified by the relevant company for all costs, charges, losses, fees and liabilities which arise from or are connected to the execution and performance of their duties in accordance with the Articles of Association of the Company. Such provisions of the Articles of Association are not invalidated by the Companies Ordinance. The provision became effective in the financial year ended 31 December 2025 and remains in effect as at the date of this announcement.

The Company purchased appropriate directors’ and officers’ liability insurance for all directors and senior management during the year in respect of legal proceedings against them arising from the Company’s activities.

## **SIGNIFICANT INVESTMENT IN SECURITIES**

During the year ended 31 December 2025, the Company had no significant investment in securities of subsidiaries.

## **STAFF REMUNERATION, RETIREMENT AND BENEFITS SCHEME**

In 2025, the total salaries of the Company amounted to RMB2,449.45 million.

In order to incentivize key employees, the Company has implemented a share appreciation rights incentive plan (for details, please refer to the circular of the Company dated 11 January 2021 and the announcement of the Company dated 29 January 2021). As the Company's performance in 2021 and 2022 did not meet the performance targets for the first and second exercise periods of the share appreciation rights, the first and second exercise periods of the share appreciation rights incentive plan are not exercisable. As confirmed by the Board, the Company's performance in 2023 has met the performance target for the third exercise period of the share appreciation rights. The Company has organized the participants to complete the exercise in the third exercise period, with a total of 206 participants exercising the rights and a total incentive amount of RMB22.50 million.

The employees of the Company participate in the government-established and state-managed retirement benefits schemes of the PRC. At the same time, the Company has adopted an enterprise annuity system in accordance with the relevant regulations, and the Company is required to contribute a certain percentage of its employees' remuneration to the retirement benefits scheme. The Company is not allowed to use the forfeited contributions (if any) to reduce the existing contribution level, and no contributions to any retirement benefit schemes have been forfeited during the year ended 31 December 2025.

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

In 2025, neither the Company nor any of its subsidiaries had purchased, sold, redeemed or cancelled any of the Company's listed securities (including the sale of treasury shares). As of 31 December 2025, the Company does not hold any treasury shares.

## **PRE-EMPTIVE RIGHTS**

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

## **MAJOR LITIGATION**

During 2025, the Company had no major pending litigation.

## **MODEL CODE**

The Company, having made specific enquiry to the Directors, confirms that all directors complied with the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules throughout the period.

## **CORPORATE GOVERNANCE CODE**

The Company fully complied with the Environmental, Social, and Governance Reporting Guidelines set out in Appendix C2 of the Listing Rules, continued to integrate the new development concepts of “innovation, coordination, green development, openness, and sharing” into the construction and development of the Company. The Company attached great importance to the harmony and unity of economy and ecology, deeply implemented the concept of green development, strictly implemented relevant environmental protection policies, vigorously promoted energy conservation and emission reduction, deepened its development in the environmental protection industry, and actively promoted the development of new energy industries. It adhered to the people-oriented principle, scientifically built the staff team, protected the rights and interests of employees, and cared for the lives of employees. It maintained effective communication with suppliers, customers, market investors and other stakeholders, took into account the interests of related parties, created a mutually beneficial and win-win relationship, and continued to promote the healthy development of the Company. It insisted on giving back to the society and vigorously supported social welfare undertakings, establishing a responsible corporate image.

The Company has been, in strict accordance with the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China and other relevant requirements, in full compliance with the rules set out in the Corporate Governance Code contained in Appendix C1 of the Listing Rules and, where appropriate, has adopted the recommended best practices as specified therein, except that due to changes in the positions of the Company’s executive Directors, the number of Board members was below the number required under the Articles of Association during the period from 20 January 2025 to 7 April 2025 and the period from 9 July 2025 to 4 September 2025.

## AUDIT COMMITTEE

The Company has established an Audit Committee and formulated written terms of reference in accordance with the Corporate Governance Code set out in Part 2 of Appendix C1 of the Listing Rules. The Audit Committee currently consists of four independent non-executive directors, namely Mr. Gao Yi-bin (as the Chairman of the Audit Committee), Mr. He Yu, Ms. Niu Xiang-chun and Mr. Li Xie-hua.

The main responsibilities of the Audit Committee include reviewing and supervising the financial reporting procedures, risk management and internal control systems of the Company, as well as reviewing the financial information of the Company. The Audit Committee has reviewed with the management and auditors of the Company the audited financial statements, continuing connected transactions, internal control and risk management of the Company for the year ended 31 December 2025, and discussed with the Board the financial reporting procedures and internal control system of the Company.

## AUDITOR

Da hua Certified Public Accountants LLP (“**Dahua**”) retired upon the conclusion of its term at the Company’s annual general meeting held on May 23, 2025. Following Dahua’s retirement, ShineWing Certified Public Accountants LLP (“**ShineWing**”) was appointed as the Company’s auditor for the financial year 2025.

The financial statements of the Company for the year ended 31 December 2025 have been audited by ShineWing, and the remuneration for its audit services was RMB2.20 million. In addition, during the year, ShineWing issued an assurance report on the accounting treatment of the Company’s subsidiary, International Company, for a fee of RMB40,000.

ShineWing is qualified and willing to seek re-appointment as the auditor of the Company. The Board proposes to the general meeting to re-appoint ShineWing as the auditor of the Company for the financial year 2026, and the resolution on the re-appointment of the firm and authorizing the Board to determine its remuneration will be proposed at the 2025 Annual General Meeting of the Company.

## OUTLOOK

According to the Analysis and Forecast Report on the Situation of Electricity Supply and Demand in China for 2025–2026 (《2025–2026年度全國電力供需形勢分析預測報告》) by the China Electricity Council, it is expected that the newly installed power generation capacity nationwide will exceed 400 million kilowatts in 2026, of which the newly installed new energy power generation capacity is expected to exceed 300 million kilowatts; the combined share of wind power and solar thermal power generation installed capacity is expected to reach about half of the total installed capacity, among which the installed capacity of solar power is expected to surpass that of coal power for the first time. It is projected that by the end of 2026, the total installed power generation capacity nationwide will reach around 4.3 billion kilowatts, of which the installed capacity of non-fossil energy power generation will reach 2.7 billion kilowatts, accounting for about 63% of the total installed capacity; the share of coal power installed capacity in the total installed capacity will drop to about 31%.

The year 2026 marks the first year of the 15th Five-Year Plan period, and is also a crucial year for the Company to focus on strengthening, optimizing and expanding its business and accelerating its transformation and development. The Company will adhere to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, thoroughly study and implement the important instructions of General Secretary Xi Jinping on the work of central SOEs, focus on supporting the construction of a modern industrial system and a new energy system, take high-quality development as the theme, focus on developing new quality productive forces, take reform and innovation as the fundamental driving force, take transformation and upgrading as the breakthrough point, highlight management empowerment, digital and intelligent empowerment, and cultural empowerment, promote the coordinated development of the “Three Merchants” positioning and the “Three Systems” industrial layout, and comprehensively enhance its core functions and core competitiveness. The Company will strive to deepen quality and efficiency improvement, optimize the performance assessment system for business operations, build new advantages in market competition, comprehensively improve contract performance capabilities, effectively prevent and resolve risks, consolidate the foundation for steady operation, and lay a solid foundation for the safe development of the enterprise. It will focus on enhancing innovation efficiency, improving independent innovation capabilities, strengthening the research on key core technologies, strengthening the engine of scientific and technological talents, improving the effectiveness of achievement transformation, increasing the technological reserve for new industries, and accelerating the cultivation and development of new quality productive forces. The Company will make great efforts to promote transformation and upgrading, accelerate the development of strategic emerging industries and cultivate future industries, accelerate the improvement of advanced manufacturing level, improve the quality and efficiency of investment, accelerate the comprehensive digital and intelligent transformation, and speed up the construction of information systems. It will focus on deepening reform and tackling difficulties, actively plan and implement the tasks of SOE reform, improve the modern corporate system with Chinese characteristics, adhere to the market orientation to fully build a new type of operation responsibility system, optimize the input of industrial resources, and comprehensively improve management efficiency. The Company will strive to achieve a high-level start for the 15th Five-Year Plan period and make greater contributions to the Chinese modernization drive.

## **EVENT AFTER THE REPORTING PERIOD**

The Company has no significant events after the reporting period.

By Order of the Board  
**Harbin Electric Company Limited**  
*Company Secretary*  
**Ai Li-song**

Harbin, the PRC  
26 March 2026

*As at the date of this announcement, the executive Directors of the Company are Mr. Huang Wei, Mr. Liu Qing-yong and Mr. Du Xing-kai; and the independent non-executive Directors of the Company are Mr. He Yu, Ms. Niu Xiang-chun, Mr. Gao Yi-bin and Mr. Li Xie-hua.*