



哈尔滨电气股份有限公司

HARBIN ELECTRIC COMPANY LIMITED

Stock Code: 1133

# 2024

## ANNUAL REPORT

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## OVERVIEW OF THE COMPANY

Harbin Electric Company Limited (the “Company”), was formed through the restructuring of relevant entities including former Harbin Electrical Machinery Works, Harbin Boiler Workers and Harbin Turbine Works (the “three major power factories”).

Located in Harbin, China, the Company was incorporated on 6 October 1994 and listed on the Stock Exchange of Hong Kong Limited on 16 December 1994 with its stock code of “01133”.

As at 31 December 2024, the total share capital of the Company comprised of 2,236,276,000 shares of which 675,571,000 were H shares traded on the HKSE.

The Company and its subsidiaries are one of the largest manufacturers of power plant equipment in China, with a power plant equipment of production capacity of 30 million kilowatts per annum. The Group’s principal activities and products include:

Thermal power main equipment: boilers, steam turbines and steam turbine generators with single unit capacity up to 1,000MW class, accounting for one-third of the installed capacity of thermal power in China;

Hydro power main equipment: hydro power generators units with single unit capacity up to 1,000MW, accounting for 50% of the installed capacity of hydro power in China;

Nuclear power main equipment: nuclear island and conventional islands equipment for nuclear power plants with single unit capacity up to 1,400MW class;

Complete set of steam power equipment: 9F/9H class gas turbine and combined gas and steam cycle set;

Clean energy: R&D and production of products such as solar energy, tidal power and desalination;

Other products: ancillary equipment for power stations, industry boilers, industrial steam turbines, control devices, valves for power stations, pressure vessels, etc.;

## OVERVIEW OF THE COMPANY (CONTINUED)

Turnkey construction of power station projects;

Service for complete sets of thermal and hydro power equipment;

Import and export of equipment for power stations;

After-sales service for power station equipment products;

R&D of engineering technology for complete sets of power equipment;

R&D of power equipment and its ancillary products;

Environmental protection engineering services, such as desulfurization, denitrification and dust removal.

Adhering to the concept of sustainable development, the Company continues to strengthen the development of high-efficiency clean energy and new energy power generation equipment to achieve the coordinated development of enterprise and environmental protection.

The Company is committed to the revitalization and development of China's equipment manufacturing industry, and actively promotes a new leap in China's power generation equipment manufacturing level and independent innovation capability, with some of its technologies reaching the international advanced level.

The Company actively participates in the construction of "Belt and Road", vigorously develops the international market and advances into the world's high-end power station engineering contracting field, and exports its products to over 50 countries and regions in Asia, Africa, Europe and America.

The Company brings together a pool of top talents in scientific research, technology and management, as well as a comprehensive system for quality assurance and quality control with a range of advanced production and research facilities. Its capabilities in research and development, production and manufacturing and power station construction rank the top in the power equipment manufacturing industry in China.

## FINANCIAL HIGHLIGHTS

	Unit	2024	2023	2022	2021	2020
Operating Income	RMB'000	<b>38,297,845.65</b>	28,840,864	24,643,794	21,225,313	23,760,400
Total Profits	RMB'000	<b>2,019,386.93</b>	769,007	205,777	-4,200,267	76,958
Net profits attributable to owners of parent	RMB'000	<b>1,685,571.29</b>	574,760	98,638	-4,142,448	-7,281
Total assets	RMB'000	<b>71,946,155.15</b>	71,296,954	63,283,531	60,610,193	57,961,256
Total liabilities	RMB'000	<b>55,756,293.93</b>	56,709,159	50,909,669	48,415,507	41,761,206
Minority interests	RMB'000	<b>707,099.09</b>	723,093	645,912	625,992	522,836
Interests attributable to owners of parent	RMB'000	<b>15,482,762.13</b>	13,864,702	11,727,950	11,568,694	15,677,215
Net assets per share	RMB	<b>6.923</b>	6.200	6.872	6.779	9.187
Earnings per share	RMB	<b>0.754</b>	0.257	0.058	-2.427	-0.004

## FINANCIAL HIGHLIGHTS (CONTINUED)

	Year ended 31 December 2024		Year ended 31 December 2023	
	Income <i>RMB'000</i>	Contribution to operating profit <i>RMB'000</i>	Income <i>RMB'000</i>	Contribution to operating profit <i>RMB'000</i>
New electric power equipment	26,986,770	3,750,973	15,746,848	1,948,945
Green and low carbon driven equipment	660,868	41,727	703,229	35,062
Clean and efficient industrial system	4,536,260	162,945	5,905,260	177,635
Project general contracting and trade	3,944,690	204,814	3,792,971	160,987
Modern manufacturing service industry	1,767,672	629,178	2,202,381	748,041
Others	401,587	7,446	490,175	-67,358
Total	38,297,846	4,797,083	28,840,864	3,003,313
Expenses not allocated to major products		-2,777,696		-2,234,306
Total profits		2,019,387		769,007



## CHAIRMAN'S STATEMENT

Dear shareholders,

On behalf of the Board, I hereby present the 2024 annual report of Harbin Electric Company Limited (the "Company") and its subsidiaries.

The year 2024 is the 75th anniversary of the founding of the People's Republic of China, a pivotal year for achieving the goals set forth in the 14th Five-Year Plan, and a significant year for the Company to witness high-level development outcomes. The Company resolutely implements the decisions and deployments of the Party Central Committee and the State Council, uniting and leading our employees to keep integrity while innovating and overcoming challenges. The quality of our economic operation has continued to improve, and the total profit, operating income and market orders have reached a record high, promoting the enterprise to embark on the fast track of high-quality development. During the Reporting Period, the Company achieved operating revenue of RMB38,298 million, representing a year-on-year increase of 32.79%; net profit attributable to the owner of the parent company reached RMB1,686 million, representing a year-on-year increase of 193.33%; and value of formal contracts signed of RMB56,872 billion, representing a year-on-year increase of 30.55%, reflecting effective qualitative improvements and reasonable quantitative growth of the Company.

During the Reporting Period, the Company remained committed to supporting Chinese modernization with new achievements in high-quality development. Focusing on enhancing core functions and improving core competitiveness, we comprehensively deepened quality and efficiency improvements. Guided by technological innovation, we vigorously developed new quality productivity with R&D expenditure intensity increased by 4.93%, and our key milestones for major national projects, such as the National Science and Technology Major Projects and the National Key R&D Program, were completed with a 100% success rate. For example, the world's highest 350-meter water head impact test platform and the 660MW ultra-supercritical circulating fluidized bed boiler technology have reached international leading levels, and the world's first cross-generational upgrade project of its kind, Panshan Unit 1, achieved a 30-year lifespan extension and reduced coal consumption for power supply by 45g/kWh. Additionally, the Company adhered to the high-end, intelligent, and green development of equipment manufacturing to serve new industrialization. We made every effort to build and strengthen heavy equipment manufacturing bases, with investment in industrial foundation reconstruction projects increasing by 23.56% year-on-year and digital project investment growing by over 60%. We successfully established 4 digital workshops, 1 digital production line, and 7 digital units.

At present, as the high-quality development of China's economy and society continues to deepen, electricity demand is expected to grow steadily, and society will accelerate its comprehensive green transformation, with the construction of a new energy system gaining momentum. Therefore, the Company will optimize the industrial layout in the in-depth implementation of the new strategy of energy security, focus on the main business, promote the quality and upgrading of key industries, continue to optimize the spatial layout of productivity, and adhere to the high-end, green and intelligent development direction. In addition, the Company will coordinate the transformation and upgrading of existing industries and the cultivation and development of strategic emerging industries, constantly promote the extension and expansion of industries to high-tech and high value-added fields, and develop new quality productive forces through technological innovation and digital empowerment.

## CHAIRMAN'S STATEMENT (CONTINUED)

In 2025, the Company will adhere to the guidance of the Xi Jinping Thought on Socialism with Chinese Characteristics for a New era, fully implement the 20th National Congress of the Communist Party of China, the Second and Third Plenary Sessions of the 20th Central Committee, thoroughly implement the spirit of the Central Economic Work Conference, adhere to the principle of seeking progress while maintaining stability, promoting stability through progress, preserving integrity while innovating, and establishing new frameworks before dismantling old ones, and driving the integrated development of scientific and technological innovation and industrial innovation. The Company will make every effort to advance the construction of the modern industrial system, comprehensively enhance core functions, and improve core competitiveness. The Company will efficiently balance the cultivation of new momentum with the renewal of old momentum, optimize incremental growth while revitalizing existing resources, and enhance quality while expanding overall scale. We are committed to securing a successful conclusion to the 14th Five-Year Plan and laying a solid foundation for the 15th Five-Year Plan. On the basis of ensuring the growth of major economic indicators, we will strive to achieve even higher goals, make positive contributions to comprehensively promoting the construction of a strong country and the great cause of national rejuvenation with Chinese-style modernization, and return shareholders with more excellent performance.

I would like to express my gratitude to our shareholders for their trust and support, to my colleagues on the Board of Directors and Board of Supervisors for their effort and contribution, and to all of our staff members for their hard work and dedication.

**Chairman**

**Cao Zhi-an**

Harbin, the PRC, 26 March 2025



# MANAGEMENT DISCUSSION AND ANALYSIS

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

## MACRO-ECONOMY AND INDUSTRY DEVELOPMENT

In 2024, facing a complex and severe situation with increasing external pressures and internal challenges, under the strong leadership of the Central Committee of the Communist Party of China with Comrade Xi Jinping at its core, the people of all ethnic groups across the country forged ahead with determination and overcame difficulties. China's economy maintained overall stability with steady progress, successfully achieving the major goals and tasks for economic and social development for the year. High-quality development was solidly advanced, new productive forces steadily developed, and the country's economic strength, technological capabilities, and comprehensive national power continued to grow. New and solid steps were taken in the modernization of China.

In 2024, China continued to advance the green and low-carbon transformation of its power sector. For the first time, the installed capacity of new energy power generation in the country surpassed that of thermal power. The newly installed capacities of steam power and pumped storage saw significant growth, further enhancing the flexibility and regulation capabilities of the power system. According to relevant statistics from the China Electricity Council, China's newly-installed power generation capacity reached 430 million kilowatts throughout the year, setting a new historical record and representing an increase of 62.55 million kilowatts compared to the previous year; of which, the newly-installed power generation capacity of wind and solar power amounted to 360 million kilowatts, while steam power and pumped storage amounted to 18.99 million kilowatts and 7.53 million kilowatts, respectively. By the end of 2024, China's full-caliber installed power generation capacity reached 3.35 billion kilowatts. Thermal power accounted for 1.44 billion kilowatts (including 1.19 billion kilowatts from coal power), while new energy power generation, including wind, solar, and biomass, reached 1.45 billion kilowatts. Non-fossil energy power generation capacity stood at 1.95 billion kilowatts, comprising 440 million kilowatts of hydropower (including 58.69 million kilowatts of pumped storage), 60.83 million kilowatts of nuclear power, 520 million kilowatts of grid-connected wind power, and 890 million kilowatts of grid-connected solar power.

## PRODUCTION AND OPERATION

In 2024, the Company thoroughly studied and implemented the important speeches and directives of General Secretary Xi Jinping, fully adhered to the decisions and deployments of the CPC Central Committee and the State Council, and united and led its cadres and employees to forge ahead with determination and overcome challenges. The quality of its economic operations continued to improve, with total profits, operating revenue, and market orders all reaching historic highs, propelling the enterprise onto the fast track of high-quality development.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### New contracts

In 2024, the value of formal contracts signed of the Company realized RMB56.872 billion, representing a year-on-year increase of 30.55%, of which RMB34.939 billion for new-type power equipment, a year-on-year increase of 42.09% (RMB17.418 billion for thermal power equipment, a year-on-year increase of 24.65%; RMB9.649 billion for hydro power equipment, a year-on-year increase of 64.29%; RMB4.740 billion for nuclear power equipment, a year-on-year increase of 139.15%; RMB1.317 billion for steam equipment, a year-on-year decrease of 21.93%); RMB1.002 billion for green and low carbon driven equipment, a year-on-year increase of 0.80%; RMB5.294 billion for clean and efficient industrial system, a year-on-year decrease of 10.82%; RMB10.991 billion for EPC and trading, a year-on-year increase of 57.98%; and RMB4.645 billion for modern manufacturing and service industry, a year-on-year decrease of 8.71%.

New-type power equipment: The market for coal power showed a stable and positive trend, with the value of formal contracts in the coal power industry increasing significantly; the pumped storage market maintained its development, with the value of formal contracts in the hydropower industry increasing significantly; and previously awarded projects in the nuclear power market gradually took effect, resulting in a notable increase in the value of formal contracts in the nuclear power industry.

EPC and trading: The Company continued to increase its efforts in developing the overseas contracting market for projects and secured orders for large-scale contracting projects in Middle East region, resulting in a significant increase in the formal contract value.

### Production

In order to ensure the Company's sustainable and healthy development and scientifically prevent and control operational risks, taking into account the orders on hand, the market situation, customer demand and project progress, the Company achieved reasonable production scheduling. The output of the Company's power generation equipment amounted to 27,360MW in 2024, representing an increase of 1.60% over the same period last year; of which 7,480MW were produced by water turbine generator units, representing an increase of 16.15% over the same period last year; and 19,880MW were produced by steam turbine generators, representing a decrease of 2.98% over the same period last year. Output of steam turbines for power stations was 18,030MW, representing an increase of 31.70% over the same period last year and that of boilers for power stations was 17,250MW, representing an increase of 13.79% over the same period last year.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Scientific research and innovation

In 2024, the Company's R&D investment reached RMB1.908 billion, with a research and development (R&D) intensity of 4.93%. Throughout the year, the Company received 28 provincial and ministerial-level science and technology awards. Among these, the "key technology and application of the 400MW 700-metre-class high-stability pumped storage unit (40萬千瓦700米級高穩定性抽水蓄能機組關鍵技術與應用)" won the Special Prize at the 2024 Power Innovation Awards. Additionally, the development and application of the Baihetan 1,000MW water turbine generator unit (白鶴灘1,000MW水輪發電機組研制及應用), as well as the key technology and application of gigawatt-level steam turbine generator efficient hybrid ventilation (千兆瓦級汽輪發電機高效混合通風關鍵技術及應用), were awarded the First Prize for Scientific and Technological Progress in Heilongjiang Province. Other notable achievements included the First Prizes of the China Power Innovation Award for key technologies in the design, manufacturing, operation, and monitoring of supercritical carbon dioxide boilers and their 5MWe demonstration application, the key technology and engineering application of domestically produced large-capacity 7-pole 4-branch generator motors (國產化大容量7對極4支路發電電動機關鍵技術與工程應用), and the key technology for prototype fault detection and intrinsic safety enhancement of steam turbine generators under complex operating conditions (複雜工況下汽輪發電機真型故障檢測及本質安全提升關鍵技術). The Company completed the authorization of 242 patents, including 108 invention patents, and published 1 international standard and 38 national and industry standards.

In 2024, the Company, as a central state-owned listed enterprise, fully leveraged its role as a key player in technological innovation. Actively integrating into the national science and technology innovation system, the Company gathered innovative elements, optimized the innovation ecosystem, and promoted the transformation of achievements. By identifying the main direction for developing new quality productive forces, the Company drove industrial transformation and upgrading. The Company's subsidiary, Electric Machinery Company, successfully gained approval as a National Technological Innovation Demonstration Enterprise. Boiler Company was listed among the "Eighth Batch of National Manufacturing Single Champion Enterprises", and Heavy Equipment Company was recognized as a "Little Giant" enterprise in the sixth batch of specialized and sophisticated SMEs (Small and Medium Enterprises). The "400MW Variable-Speed Pumped-Storage Unit Complete Equipment (400MW級變速抽水蓄能機組成套設備)" and three other projects were approved as part of the fourth batch of major technological equipment in the energy sector by the National Energy Administration, recognized as first-of-their-kind applications. The world's first 660MW ultra-supercritical circulating fluidized bed power generation project in Binchang, Shaanxi, featuring the highest parameters and the largest single-unit capacity, officially commenced commercial operation. The Panshan Innovation Upgrade and Life Extension Project (盤山創新升級與延壽改造項目) in Tianjin, also a first-of-its-kind initiative in the national energy sector, was officially put into operation. Additionally, the Company successfully secured the contract for the Huaneng Yuhuan Phase IV project, which features the world's first 1,000MW ultra-supercritical boiler demonstration project operating at 650℃ (1,000兆瓦等級650℃高效超超臨界鍋爐示範項目). Furthermore, the combustion chamber of the first prototype of the 300MW Class F heavy-duty gas turbine (300兆瓦級F級重型燃機首台樣機燃燒室) was successfully applied in China's independently developed 300 MW Class F heavy-duty gas turbine prototype.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Capital expenditure and significant investments held

In 2024, the Company injected a total of capital expenditures worth RMB1.852 billion for major construction and technological transformation projects. The major projects include: Nuclear power infrastructure enhancement project, pumped storage capacity enhancement project and state-level power generation equipment research centre R&D base construction project and the digital workshop construction project. All projects progressed steadily, with some already completed and put into operation.

In 2025, the Company intends to commit an investment of RMB1.469 billion in key construction and technological transformation projects, mainly for the technical measures and technological transformation projects, nuclear power infrastructure enhancement project, pumped storage capacity enhancement project, welding digitalization construction project and the construction project of digitization workshops of subsidiaries.

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

On 6 May 2024, the Company entered into the Equity Transfer Agreement with HE, pursuant to which HE transferred 25% equity interests in Engineering Research Centre held by it to the Company at a transfer price of RMB19,945,700, and Engineering Research Centre became a wholly-owned subsidiary of the Company. Please refer to the announcement of the Company dated 6 May 2024 for details.

### MAJOR FINANCIAL INDEXES

#### Profit

In 2024, the Company achieved a net profit attributable to the owners of the parent company of RMB1,685.57 million, representing an increase of RMB1,110.81 million compared to the previous year. Earnings per share were RMB0.754. The increase in the Company's profit was mainly due to the significant achievements in actively expanding 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 to the same period last year.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Operating revenue

In 2024, the Company recorded an operating revenue of RMB38,297.85 million, representing an increase of 32.79% over the same period last year. Of which, RMB26,986.77 million for new-type power equipment, a year-on-year increase of 71.38% (RMB15,945.16 million for thermal power equipment, a year-on-year increase of 98.98%; RMB4,307.58 million for hydropower equipment, a year-on-year increase of 25.09%; RMB4,233.68 million for nuclear power equipment, a year-on-year increase of 70.04%; RMB1,952.06 million for steam equipment, a year-on-year increase of 70.68%); RMB660.87 million for green and low-carbon driven equipment, a year-on-year decrease of 6.02%; RMB4,536.26 million for clean and efficient industrial system, a year-on-year decrease of 23.18%; RMB3,944.69 million for EPC and trading, a year-on-year increase of 4.00%; and RMB1,767.67 million for modern manufacturing and service industry, a year-on-year decrease of 19.74%.

In 2024, the Company recorded a revenue from export of RMB4,714.97 million (or 12.31% of the total operating revenue), an increase of RMB52.79 million over the same period of the previous year. The export of the Company was dominated by Asia, the Americas and Europe, in which export to Asia amounting to RMB3,498.22 million, export to the Americas amounting to RMB935.82 million while export to Europe amounting to RMB274.54 million.

### Cost

In 2024, the operating costs of the Company amounted to RMB33,500.76 million, representing an increase of 29.66% as compared with the corresponding period of last year. The increase in operating costs was mainly due to the significant year-on-year increase in the output of the Company's water turbine generators sets, power station steam turbines and power station boilers during the period.

### Gross profit and gross profit margin

In 2024, the Company realized a gross profit from operating business of RMB4,797.08 million, representing a year-on-year increase of RMB1,793.77 million, and a gross profit margin of 12.53%, representing a year-on-year increase of 2.11 percentage points. The gross profit of new-type power equipment was RMB3,890.97 million, with a gross profit margin of 14.42%, representing a year-on-year increase of 2.04 percentage points (of which, gross profit of thermal power equipment was RMB1,813.78 million, with a gross profit margin of 11.38%, representing a year-on-year increase of 2.30 percentage points; the gross profit of hydropower equipment was RMB609.26 million, with a gross profit margin of 14.14%, representing a year-on-year increase of 1.44 percentage points; the gross profit of nuclear power equipment was RMB1,299.26 million, with a gross profit margin of 30.69%, representing a year-on-year increase of 4.09 percentage points; the gross profit of steam equipment was RMB114.60 million, with a gross profit margin of 5.87%, representing a year-on-year increase of 1.71 percentage points); the gross profit of green and low-carbon driven equipment was RMB41.73 million, with a gross profit margin of 6.31%, representing a year-on-year increase of 1.33 percentage points; the gross profit of clean and efficient industrial systems was RMB162.94 million, with a gross profit margin of 3.59%, representing a year-on-year increase of 0.58 percentage point; the gross profit of EPC and trading was RMB204.81 million, with a gross profit margin of 5.19%, representing a year-on-year increase of 0.95 percentage point. The gross profit of modern manufacturing and service industry was RMB629.18 million, with a gross profit margin of 34.46%, representing a year-on-year increase of 0.50 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 enhanced product profitability.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Expenses for the Period

In 2024, the Company incurred expenses of RMB3,695.23 million in the period, representing a year-on-year increase of RMB330.22 million, or 9.8%. Firstly, the accumulated administrative expenses totaled RMB1,694.49 million, an increase of RMB133.46 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 RMB606.82 million, an increase of RMB101.12 million year on year, mainly driven by growth in operating activities; thirdly, the accumulated financial expenses reached RMB241.87 million, a decrease of RMB57.78 million year on year, mainly due to optimized debt structure, reduced interest-bearing liabilities, lower interest expenses, and decreased exchange losses from the forward exchange settlement; fourthly, the accumulated research and development expenses totaled RMB1,152.05 million, an increase of RMB153.42 million year on year, as the Company maintained a high level of investment in research and development.

### Funding source and borrowing status

The Company financed 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 some exceptions, loans are usually raised by each of the Company's subsidiaries respectively within the annual financing budget. As of 31 December 2024, the balance of the Company's borrowings amounted to RMB5,674.16 million (31 December 2023: RMB6,147.79 million), all of which amounts were borrowed from various financial institutions, such as commercial banks and state-funded entrusted loans, at LPR, and the decrease in borrowings was mainly due to the completion of the issuance of Domestic Shares of the Company to effectively replenish liquidity, which resulted in a decrease in borrowings. Among those borrowings, the amount repayable within one year amounted to RMB4,863.67 million, representing an increase of RMB463.86 million as compared with the beginning of the year; the borrowings repayable after one year amounted to RMB810.49 million, representing a decrease of RMB937.49 million as compared to the beginning of the year. As of 31 December 2024, the Company's borrowings were primarily in RMB and there was no amount due. The repayment plan has been made for the borrowings that were not due, with no risk of default.

### Monetary capital and cash flows

As of 31 December 2024, the monetary capital of the Company was RMB16,048.83 million, representing a decrease of RMB2,628.49 million as compared with the beginning of the year. During the period, the net cash flow generated from operating activities of the Company was RMB-241.97 million; the net cash flow from investing activities was RMB-1,071.99 million; the net cash flow from financing activities was RMB-803.43 million. The Company experienced a significant increase in operating cash outflows and a notable decrease in monetary capital, primarily due to increased production inputs and expanded reserves of raw materials and other supplies. At the same time, in strict compliance with the Regulations on Ensuring Payment to Small and Medium Enterprises, the Company has consistently managed both receivables and payables, actively utilizing cash payments to settle payments for goods with small and medium enterprises, reducing the use of payable notes, and ensuring that cash is fully utilized for payments where applicable.



## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Asset structure and movements

As of 31 December 2024, the Company's total assets amounted to RMB71,946.16 million, an increase of RMB649.20 million or 0.91% as compared to the beginning of the year. Among these, current assets totaled RMB60,208.80 million, accounting for 83.69% of total assets, while non-current assets amounted to RMB11,737.36 million, accounting for 16.31% of total assets.

### Liabilities

As of 31 December 2024, total liabilities of the Company amounted to RMB55,756.29 million, representing a decrease of RMB952.86 million as compared to the beginning of the year, out of which RMB53,192.40 million was current liabilities, accounting for 95.40% of the total liabilities; and RMB2,563.90 million was non-current liabilities, accounting for 4.60% of the total liabilities. As of 31 December 2024, the gearing ratio of the Company was 77.50%. The year-on-year decrease in the scale of liabilities was mainly due to the year-on-year decrease in external financing and the balance of estimated liabilities.

### Owners' interests

As of 31 December 2024, the total equity attributable to the owners of the parent company of the Company amounted to RMB15,482.76 million, representing an increase of RMB1,618.06 million as compared to the beginning of the year; the net asset value per share was RMB6.92, representing an increase of RMB0.72 as compared with the beginning of the year. During the period, the return rate on net assets of the Company was 10.61%.

## GEARING RATIO

As of 31 December 2024, the Company's gearing ratio (non-current liabilities over total shareholders' equity) was 0.11:1, compared with that of 0.26:1 at the beginning of the year.

## CONTINGENT LIABILITIES AND PLEDGES

As of 31 December 2024, the guarantees provided by the Company to its subsidiaries and the guarantees between subsidiaries of the Company amounted to RMB909.84 million in aggregate. There was no external guarantee of the Company.

## EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATE

Some of the deposits of the Company are denominated in foreign currencies. As at 31 December 2024, the amount of the Company's deposits in foreign currencies was equivalent to RMB377.2 million. The export business and businesses settled in foreign currencies expose the Company to certain exchange risk.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### USE OF FUND-RAISING PROCEEDS

As of 31 December 2024, the funds raised by the Company's domestic share subscription in 2017 have been fully utilized; RMB1,197 million of the funds raised by the Company's domestic share subscription in 2023 (the "2023 Proceeds") have been utilized, and the remaining RMB500 million will be used for the Company's daily business liquidity in 2025 in accordance with the plan. The use of the 2023 Proceeds is as follows:

Intended use of the 2023 Proceeds	Intended use of the 2023 Proceeds (RMB100 million)	Amount of the 2023 Proceeds used (RMB100 million)	Remaining amount of the 2023 Proceeds (RMB100 million)	Intended use time
Ordinary administrative expenses and repayment of loans	1.97	1.97	0	
Replenishment of liquidity	15	10	5	By 31 December 2025
Total	16.97	11.97	5	

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

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### OUTLOOK

According to the Analysis and Forecast Report on the Situation of Electricity Supply and Demand in China for 2024–2025 by the China Electricity Council, the newly installed power generation capacity in China is expected to maintain rapid growth in 2025, with the proportion of new energy power generation capacity continuing to increase. It is projected that the newly installed power generation capacity nationwide in 2025 will exceed 450 million kilowatts, of which the newly installed new energy power generation capacity will exceed 300 million kilowatts. By the end of 2025, the total installed power generation capacity in China is expected to surpass 3.8 billion kilowatts, representing a year-on-year increase of approximately 14%. Among this, the proportion of coal power in the total installed capacity will decline to one-third by the end of 2025. Non-fossil energy power generation capacity will reach 2.3 billion kilowatts (including 450 million kilowatts of hydropower, 640 million kilowatts of grid-connected wind power, 1.1 billion kilowatts of grid-connected solar power, 65 million kilowatts of nuclear power, and 48 million kilowatts of biomass power), accounting for approximately 60% of the total installed capacity.

2025 marks the final year of the 14th Five-Year Plan and a crucial year for the Company to focus on building a world-class enterprise while systematically planning for the high-quality development of the 15th Five-Year Plan. The Company will resolutely align itself with and serve the overall national development strategy, steadfastly guided by the important speeches and directives of General Secretary Xi Jinping. Adhering to the development orientation of being an equipment manufacturer, a system integrator and an operation and maintenance service provider and constructing the “three systems” industrial layout, the Company will efficiently balance cultivating new momentum and updating old momentum, optimizing incremental growth and revitalizing existing resources, as well as enhancing quality and expanding total volume. Following the “three steps” work arrangement, the Company will strive to ascend to a higher level with high quality. The Company will spare no effort to enhance development efficiency and effectiveness, continuously improve market competitiveness, ensure energy supply through all possible means, strengthen the capability to prevent and mitigate various risks and challenges, and efficiently balance high-quality development with high-level security. The Company will persistently enhance the overall efficiency of the innovation system, intensify original and leading technological breakthroughs, build a high-level technological innovation ecosystem, and strengthen talent development by balancing recruitment and cultivation, driving the development of new productive forces through technological innovation. The Company will accelerate the cultivation of strategic emerging industries and future industries, focus on promoting industrial upgrading through the clean and efficient use of energy, and advance green production to achieve synergistic effects in pollution reduction and carbon reduction, fully promoting the green and low-carbon transformation and upgrading of industries. By focusing on improving overall labor productivity, the Company will advance production digitalization; by targeting user needs, the Company will enhance equipment intelligence; and by focusing on data-driven approaches, the Company will improve management informatization, placing greater emphasis on empowering development with digital technologies. The Company will continuously enhance reform capabilities, modernize governance systems and governance capabilities, and accelerate the improvement of institutional mechanisms that meet the requirements of modern economic development. The Company will fully implement special actions to improve management, enhance the quality and effectiveness of benchmarking management, establish a scientific and effective evaluation system, and deepen lean management to strengthen our soft power for development. The Company will strive to win the final battle of the 14th Five-Year Plan, lay a solid foundation for the 15th Five-Year Plan, and make new and greater contributions to the comprehensive advancement of the modernization of China and the great cause of national rejuvenation.

# DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

## DIRECTORS

### Executive Directors

**Mr. Cao Zhi-an (“Mr. Cao”)**, born in 1962, holds a master’s degree in engineering and title of senior economist, and is currently an executive Director, chairman of the board of Directors and the secretary of the Party committee of the Company, and the chairman of the board of Directors and the secretary of the Party committee of Harbin Electric Corporation\* (哈爾濱電氣集團有限公司). Mr. Cao obtained a master’s degree in engineering from North China Electric Power University majoring in thermal engineering. He served as the deputy officer of the Personnel and Director Management Department of the State Power Corporation\* (國家電力公司), officer of the Ideological and Politics Work Office, officer of the Administrative Office, officer of the Personnel Director Department and assistant to the general manager of the State Grid Corporation of China\* (國家電網公司). He served as the deputy general manager and member of the Party Group of the State Grid Corporation of China since April 2006, and served as the Director, general manager and deputy secretary of the Party Group of the China Southern Power Grid Company Limited\* (中國南方電網有限責任公司) since July 2015. He has been serving as the chairman of the Board and the secretary of Party committee of Harbin Electric Corporation, and the secretary of Party committee of the Company since November 2021. He has been serving as an executive Director and the chairman of the board of Directors of the Company since December 2021.

**Mr. Huang Wei (“Mr. Huang”)**, born in 1965, holds a doctor’s degree and the title of senior engineer, and is currently an executive Director, President and deputy secretary of the Party committee of the Company, as well as a director, general manager and deputy secretary of the Party committee of Harbin Electric Corporation. Mr. Huang graduated from the Department of Power and Mechanical Engineering at Shanghai Jiaotong University with a bachelor’s degree in marine power machinery, graduated from the Department of Thermal Engineering at Chongqing University with a master’s degree in thermal engineering, and later obtained a doctor’s degree from Southwestern University of Finance and Economics. Mr. Huang successively served as a key technician of the complete set design department of Dongfang Power Equipment Union Company Limited (東方電站成套設備公司), deputy manager of the thermal power department of importation and exportation branch of Dongfang Electric Corporation (中國東方電氣集團進出口公司), and deputy general manager and general manager of importation and exportation branch of Dongfang Electric Corporation. He served as deputy general manager of Dongfang Electric Corporation (中國東方電氣集團有限公司) from June 2000 to February 2007. He served as deputy general manager and a member of the Party committee of State Nuclear Power Technology Corporation from February 2007 to September 2008. From September 2008 to April 2021, he successively served as deputy general manager, a member of the Party Committee, deputy general manager, deputy secretary of the Party Committee, director, deputy secretary of the Party committee of Dongfang Electric Corporation (during June 2009 to April 2021, he also served as a director of Dongfang Electric Corporation Limited (東方電氣股份有限公司), and during August 2017 to May 2019, he also served as senior vice president of Dongfang Electric Corporation Limited). From April 2021 to March 2023, he served as a director and the deputy secretary of the Party committee of Dongfeng Motor Corporation (東風汽車集團有限公司), and from June 2021 to May 2023, he concurrently served as a non-executive director of Dongfeng Motor Group Company Limited (東風汽車集團股份有限公司). Since March 2023, he has served as a director, general manager and deputy secretary of the Party committee of Harbin Electric Corporation. Since April 2023, he has served as the deputy secretary of the Party committee of the Company. He has been an executive Director and President of the Company since May 2023.

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

**Mr. Du Xing-kai (“Mr. Du”)**, born in 1967, holds a bachelor's degree and title of senior accountant at professor level, and is currently the executive director, deputy secretary of the Party Committee, general counsel, chief compliance officer, and principal of the Party school (Cadre Training Centre) of the Company, a director and deputy secretary of the Party Committee of HE. Mr. Du graduated from the Department of Management Engineering, Northeast Institute of Technology with a bachelor's degree in industrial accounting. Since then, Mr. Du has served as deputy director and director of the capital operation department of the financial planning division of Angang, director, deputy general manager and general manager of Angang Financial Company Limited, general manager of the capital operation department of Angang Group Company Limited, and director of Angang Group (Hong Kong) Holdings Limited. In November 2020, he was appointed as assistant general manager and general manager of the capital operation department of Ansteel Group Company Limited, and in February 2021, he was appointed as chairman of Ansteel Capital Holding Co., Ltd. He has been the chief accountant and a member of the Standing Committee of the Party Committee of HE since July 2022, and a senior vice president and a member of the Standing Committee of the Party Committee of the Company since August 2022. He has served as a director and deputy secretary of the Party Committee of HE since March 2025, the deputy secretary of the Party Committee of the Company, and executive director of the Company since April 2025.

**Mr. Zhang Ying-jian (“Mr. Zhang”)**, born in 1964, holds a master's degree and is a senior engineer. He currently resigned as the executive Director of the Company and retired. Mr. Zhang graduated from the Department of Thermal Engineering at Tsinghua University with a bachelor's degree in gas turbines and subsequently obtained a master's degree from Harbin Institute of Technology. Mr. Zhang joined HE in 1991. He was formerly a project engineer, project manager, business representative, deputy Director of Harbin Power Station Equipment Import and Export Company, deputy chief engineer, deputy manager of financial planning division and deputy general manager of Harbin Power Engineering Company Limited. He became the deputy general manager of HE in September 2007, a non-executive Director of the Company in January 2013, an executive Director of the Company from March 2013 to January 2021 and a senior vice president of the Company from March 2013 to August 2021. He served as a director and the deputy secretary of the Party committee of HE in July 2022 and the executive director and the deputy secretary of the Party committee of the Company in August 2022. He resigned as the executive Director and deputy secretary of the Party committee of the Company in March 2024.

**Mr. Shen Tong (“Mr. Shen”)**, born in 1972, is a professor level senior engineer with a postgraduate degree. He currently resigned as the executive Director of the Company, and now serves as a director and deputy secretary of the Party group of China South Industries Group Co., Ltd.\* (中國兵器裝備集團有限公司). Mr. Shen graduated from Tsinghua University, and subsequently received his master's degree from Tsinghua University. Mr. Shen has successively served as director and deputy head of the production department of Qiqihar Power Bureau, secretary to the Party group of the general manager's department of Northeast China Power Grid Company Ltd., head of Jinzhou Ultra High Voltage Bureau, director of the general manager's department and director of the press center of Northeast China Power Grid Company Ltd., secretary to the committee of the Communist Youth League and deputy director of the ideological and political work department of State Grid Corporation, deputy general manager and member of the Party group of State Grid Shanxi Electric Power Company\* (國網山西省電力公司), director, general manager and deputy secretary to the Party committee of State Grid Shaanxi Electric Power Company\* (國網陝西省電力公司), chairman of the board of directors and secretary to the Party committee of State Grid Qinghai Electric Power Company\* (國網青海省電力公司). He served as deputy general manager and standing member of the Party committee of HE in February 2021, served as a standing member of the Party committee of the Company in July 2021, served as a senior vice president of the Company in August 2021, served as a director and deputy secretary of the Party committee of HE in August 2024, served as deputy secretary of the Party committee of the Company in September 2024, and served as an executive Director of the Company in November 2024. He resigned as an executive Director and deputy secretary of the Party committee of the Company in January 2025.

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

### Independent Non-Executive Directors

**Mr. He Yu (“Mr. He”)**, born in 1957, is a senior engineer at researcher level with postgraduate degree and a doctoral degree in management. He is currently an independent non-executive Director of the Company and an external director of China Reform Holdings Corporation Ltd. Mr. He graduated from Huazhong University of Science and Technology, and had held various positions such as deputy general manager of Guangdong Nuclear Power Joint Venture Co., Ltd., deputy general manager, member of the party group, general manager, member of the party committee of China Guangdong Nuclear Power Corporation Co., Ltd. He served as the chairman of the Board, secretary of the party committee of China General Nuclear Power Corporation (renamed in April 2013, formerly known as China Guangdong Nuclear Power Corporation Co., Ltd.) in April 2010. He retired in July 2020, and has served as an external director of China Reform Holdings Corporation Ltd. since November 2020. He has served as an independent non-executive Director of the Company since January 2021.

**Mr. Pan Qi-long (“Mr. Pan”)**, born in February 1965, holds a bachelor's degree, is a research librarian and currently a non-executive Director of the Company, a full-time external director of a central enterprise, an external director of China RongTong Asset Management Group Corporation Limited\* (中國融通資產管理集團有限公司) and an external director of China Iron & Steel Research Institute Group Co., Ltd.\* (中國鋼研科技集團有限公司). Mr. Pan graduated from Wuhan University with a bachelor's degree in library science. Mr. Pan successively served as a cadre of the institute of nuclear intelligence, deputy director of the development research department of the policy research office of China National Nuclear Company\* (中國核工業總公司), director of the department of policy research and reform of China National Nuclear Corporation (CNNC)\* (中國核工業集團公司) (“CNNC”), general manager and deputy secretary of the Party Group of China Baoyuan Industry and Trade Company\* (中國寶原工貿公司), general manager and deputy secretary of the Party Group of China National Nuclear Instrument and Equipment Corporation\* (中國核儀器設備總公司), general manager and deputy secretary of the Party Committee of China National Nuclear Baoyuan Assets Holding Company\* (中國中核寶原資產控股公司), president and secretary of the Party Committee of Nuclear Science and Technology Information and Economics of China\* (中國核科技信息與經濟研究院), chairman and secretary of the Party Committee of China National Nuclear Strategic Planning and Research Institute Co., Ltd.\* (中核戰略規劃研究總院有限公司) and deputy chief economist of CNNC, and during such period, he also served as the vice chairman of the board of directors of CNNC SUFA Technology Industries Co., Ltd.\* (中核蘇閬科技實業股份有限公司) from November 2010 to February 2016. He has served as a full-time external director of a central enterprise since September 2022, an external director of China RongTong Asset Management Group Corporation Limited since November 2022, and an external director of China Iron & Steel Research Institute Group Co., Ltd.\* (中國鋼研科技集團有限公司) since June 2023. He has served as an independent non-executive Director of the Company since August 2023.

**Ms. Niu Xiang-chun (“Ms. Niu”)**, born in 1963, is a senior engineer with a bachelor's degree. She currently serves as an independent non-executive Director of the Company and independent non-executive director of China Energy Engineering Corporation Limited. Ms. Niu graduated from Taiyuan Heavy Machinery Institute. Ms. Niu successively served as the deputy secretary of the Youth League Committee of the Water and Power Administration of Ministry of Water and Power (水電部水電總局), secretary of the Youth League Committee, deputy director of general office, deputy director of the administrative infrastructure division and director of the human resources and education division of China Automotive Technology and Research Center, director assistant, deputy director, deputy secretary of the Party Committee, secretary of the disciplinary committee and chairman of the labor union of China Automotive Technology and Research Center, deputy secretary of the Party Committee and secretary of the disciplinary committee of China Automotive Technology and Research Center Co., Ltd.\* (中國汽車技術研究中心有限公司), and deputy secretary of the Party Committee and director of China International Engineering Consulting Corporation\* (中國國際工程諮詢有限公司). She retired in June 2023, and has served as an independent non-executive director of China Energy Engineering Corporation Limited since August 2024. She has served as an independent non-executive Director of the Company since November 2024.



## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

**Mr. Gao Yi-bin (“Mr. Gao”)**, born in 1962, is an accountant with a bachelor’s degree. He currently serves as an independent non-executive Director of the Company and external director of China General Technology (Group) Holding Company Limited\* (中國通用技術(集團)控股有限責任公司). Mr. Gao graduated from Central Institute of Finance and Banking (中央財政金融學院). Mr. Gao successively served as the deputy director of the First Division of the Accounting Affairs Management Department of Ministry of Finance, director of the General Division of the Accounting Department and director of the Accounting Personnel Management Division of Ministry of Finance, deputy director-general of the Accounting Department of Ministry of Finance, dean of Beijing National Accounting Institute (director-general level), director-general of the Accounting Department of Ministry of Finance and head of Accounting Standards Committee. He has served as a full-time external director of a central enterprise since July 2020, and served as an external director of China Green Development Investment Group Co., Ltd., external director of China Aerospace Science and Industry Corporation Limited, external director of China General Technology (Group) Holding Company Limited and external director of China RongTong Asset Management Group Corporation Limited\* (中國融通資產管理集團有限公司). He retired in December 2023. Since May 2024, he has served as an external director of China General Technology (Group) Holding Company Limited. Since November 2024, he has served as an independent non-executive Director of the Company.

**Mr. Hu Jian-min (“Mr. Hu”)**, born in July 1954, holds a bachelor degree and the title of senior engineer and currently resigned as an independent non-executive Director of the Company. Mr. Hu was graduated from Shandong Institute of Technology, majoring in power system relay protection and automation. He served as a chief engineer of Shandong Electric Power Industry Bureau (Shandong Electric Power Group Corporation), deputy general manager and party leadership group member of Huaneng Power International, Inc., deputy chief engineer, assistant to general manager of China Huaneng Group, executive Director and general manager, and secretary of the party committee of Huaneng Hulunbuir Energy Development Co., Ltd. He has been the chief engineer, deputy general manager, party leadership group member of China Huaneng Group since 2009, and retired in September 2014. He was appointed as independent non-executive Director of the Company in March 2017 and resigned as an independent non-executive Director of the Company in November 2024.

**Mr. Tang Zhi-hong (“Mr. Tang”)**, born in 1960, is a senior economist with a university degree. He currently resigned as an independent non-executive Director of the Company. Mr. Tang graduated from Jilin University and had served as secretary of party committee and president of Liaoning Jinzhou branch of the People’s Bank of China and Director of Jinzhou branch of the State Administration of Foreign Exchange, vice president of Shenyang branch, president of Lanzhou branch, secretary and president of the party committee of Shanghai branch, secretary and Director of the party committee of the Shenzhen management department of China Merchants Bank, member of the party committee and assistant to the president of China Merchants Bank. He had been the vice president and member of the party committee of China Merchants Bank in May 2006, retired in April 2020, and served as an independent non-executive Director of the Company in January 2021. He resigned as an independent non-executive Director of the Company in November 2024.

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

### SUPERVISORS

#### Supervisor Representing Shareholders

**Mr. Liu Wei-min (“Mr. Liu”)**, born in 1966, is a senior engineer at researcher level with a postgraduate degree and a master’s degree holder. He now serves as supervisor representing shareholder of the Company and the deputy chief auditor of HE and the Company. Mr. Liu graduated from Xi’an Jiaotong University, and received an MBA degree from Harbin Institute of Technology. Mr. Liu had served as the secretary to the former general manager office of Harbin Turbine, deputy chief economist, deputy director of the administration department and director to the general manager office of Turbine Company, assistant to the general manager and party committee member of HE, deputy general manager of Harbin Electric Machinery Factory Co., Ltd., secretary of the disciplinary committee of Harbin Boiler Works Co., Ltd., deputy manager and manager of the audit department of HE and the Company. He served as general managers of the audit and supervision department of HE and the Company in December 2019, has been serving as the supervisor representing shareholder of the Company since January 2021 and the deputy chief auditor of HE and the Company since June 2023.

**Mr. Zhu Peng-tao (“Mr. Zhu”)**, born in 1973, aged 51, is a senior auditor with a master degree. He is currently a general manager of the Audit Department of HE and the Company. Mr. Zhu graduated from Harbin University of Science and Technology, majoring in auditing, and then further obtained a master degree in Engineering from the same university. Mr. Zhu started his career in July 1998. He has been a staff member and the chief of the Planning Division of Harbin Automobile Industry Company under HE, auditing business director of the Audit Department of HE, auditing business director of the Audit Department and deputy director and director of No. 1 Auditing Division under the Audit Department of the Company, chief accountant of Harbin Electric Group (Qinhuangdao) Heavy Equipment Co., Ltd., and deputy general manager of the Audit Department of HE and the Company. He served as a Shareholder representative Supervisor of the Company in May 2017 and retired in January 2021. He has served as the general manager of the Audit Department of HE and the Company since September 2024 and the supervisor representing shareholders of the Company since December 2024.

**Mr. Zhang Jun (“Mr. Zhang”)**, born in 1972, is a certified public accountant and senior engineer at researcher level with a postgraduate degree. He now serves as supervisor representing shareholders of the Company, and the chief accountant of Boiler Factory. Mr. Zhang graduated from the Faculty of Business of Heilongjiang, and received an MBA degree from Harbin Institute of Technology. Mr. Zhang served as deputy manager and manager of the financial planning division the Company, deputy general manager of Finance Company, chief accountant of Valve Company, chief accountant of Electric Power Equipment, chief accountant of Harbin Electric Corporation Jiamusi Electric Machine Co., Ltd., and deputy manager of the economic operation department of HE and the Company. He has served as the chief accountant of Boiler Factory since December 2019 and supervisor representing shareholders of the Company since January 2021.

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

### Supervisors Representing Employees

**Mr. Yang Yu-long (“Mr. Yang”)**, born in 1972, is a certified public accountant and senior accountant with a bachelor degree. He now serves as a supervisor representing employees of the Company and the chief accountant of Turbine Company. Mr. Yang graduated from Shenyang University of Technology. He successively served as the deputy manager and manager of the financial planning division of Electric Machinery, deputy general manager, deputy secretary of the Party committee and secretary of the disciplinary committee of Harbin Electric and General Electric Wind Power (Jiangsu) Co., Ltd., deputy chief accountant and manager of the financial planning division of Turbine Company, assistant to the manager of the financial assets department and director of the finance office of HE and the Company. He has served as the chief accountant of Turbine Company since November 2018, and a supervisor representing employees of the Company since January 2021.

**Mr. Zhao Xin (“Mr. Zhao”)**, born in 1978, is a senior accountant, international certified management accountant with a postgraduate degree. He now serves as a supervisor representing employees of the Company and the chief accountant of Electric Machinery Company. Mr. Zhao graduated from Anshan Iron and Steel College and later obtained a master's degree in business administration from Harbin Institute of Technology. Mr. Zhao successively served as the deputy manager of the finance office of Boiler Company, assistant to the manager, assistant to the manager and director of the accounting department of HE and the Company's financial assets department, and the deputy general manager and chief accountant of Finance Company. Since November 2019, he has served as the chief accountant of Electric Machinery Company and a supervisor representing employees of the Company since January 2021.

### SENIOR MANAGEMENT

**Mr. Liu Qing-yong**, born in 1970, holds a master's degree in engineering and the title of senior engineer. He now serves as a senior vice president and standing member of the Party committee of the Company, the deputy general manager and standing member of the Party committee of HE, and the chairman of the board of directors of Harbin Electric Group Jiamusi Electric Co., Ltd. (“**Jiamusi Electric**”). Mr. Liu graduated from Harbin Institute of Electrical Engineering (now known as Harbin University of Science and Technology) in 1993 with a bachelor's degree in engineering and later obtained a master's degree in engineering from Harbin University of Science and Technology. Mr. Liu successively served as the secretary of the youth league committee (also deputy secretary of the work committee of communist youth league of Harbin Electric Corporation), director of the Party committee office, manager and secretary of Party committee of hydropower sub-factory of Harbin Electric Machinery Co., Ltd., a member of the Party committee, director of the Party committee office, director of the general manager's office, and director of the Petition Office (信訪辦) of Harbin Electric Corporation, the deputy general manager of Harbin Electric Machinery Co., Ltd., and the secretary of the Party committee, vice chairman of the board of directors and general manager of Jiamusi Electric. He has been the chairman of the board of directors of Jiamusi Electric since September 2017, the assistant to the general manager of Harbin Electric Corporation since March 2021, the deputy general manager and standing member of the Party committee of Harbin Electric Corporation since May 2023, and a standing member of the Party committee of the Company since June 2024. He has served as a senior vice president of the Company since December 2024.

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

**Mr. Liu Yi**, born in 1979, holds a bachelor's degree in engineering and the title of senior engineer. He now serves as a senior vice president and standing member of the Party committee of the Company, the deputy general manager and standing member of the Party committee of Harbin Electric Corporation. Mr. Liu Yi graduated from Jiamusi University in 2003 with a bachelor's degree in engineering. Mr. Liu Yi successively served as the assistant to the manager of the heavy equipment manufacturing sub-factory of the heavy equipment division, deputy manager, director of the project management department of the heavy equipment division, deputy general manager of the heavy equipment division, general manager and deputy secretary of the Party committee of China First Heavy Industries Co., Ltd. (中國第一重型機械股份公司), the chairman of the board of directors and the secretary of the Party committee of CFHI (Heilongjiang) Heavy Industry Co., Ltd. (一重集團(黑龍江)重工有限公司). He has been the vice-president of China First Heavy Industries Co., Ltd. since May 2024, the deputy general manager and standing member of the Party committee of Harbin Electric Corporation, and a standing member of the Party committee of the Company since June 2024. He has served as a senior vice president of the Company since December 2024.

**Mr. Qiu Xi-liang ("Mr. Qiu")**, born in 1968, is a senior engineer at researcher level with a master's degree in engineering. He is currently the vice president of the Company, chairman and the Party committee secretary of Turbine Company. Mr. Qiu graduated from the Harbin Institute of Technology and obtained a master's degree in engineering from the Harbin Institute of Technology. Mr. Qiu had served as the deputy chief technician and deputy director of technical room of cooling branch factory, manager of cooling branch factory, manager, deputy general manager, chairman and general manager and deputy secretary of Party committee of hydropower workshop of Electric Machinery Company, general manager of Power Station Service Division of the Company. Since February 2017, he has served as the general manager and secretary of the Party Branch of Power Station Service Division of the Company. He has also served as the chairman and the Party committee secretary of Turbine Company since August 2020 and the vice president of the Company since January 2021.

**Mr. Wang Gui ("Mr. Wang")**, born in 1967, is a senior engineer at researcher level with a doctorate's degree. He is currently the vice president of the Company, chairman and the Party committee secretary of Electric Machinery Company. Mr. Wang graduated from Changchun Institute of Optics and Fine Mechanics and obtained a doctorate's degree in engineering from the Harbin Institute of Technology. Mr. Wang had served as the deputy chief economist and head of project management department, manager of hydropower workshop of Electric Machinery Company. He also served as the director and general manager, chairman and general manager of Electric Power Equipment Company, deputy general manager of Electric Machinery Company, head of technology and quality department of the Company. Since August 2018, he has served as chairman and the Party committee secretary of Electric Machinery Company and the vice president of the Company since January 2021.

**Mr. Chen Dong-shi ("Mr. Chen")**, born in June 1971, holds a master's degree and the title of senior engineer, is currently the vice president of the Company, the general manager of marketing department and general manager of safety, environment and quality control department of HE. Mr. Chen graduated from Shenyang Institute of Technology majoring in metal corrosion and protection, and later obtained a master's degree in engineering from Harbin Engineering University majoring in project management. He successively served as a craftsman, deputy director of the cadre office of the organization department of the Party Committee, deputy director and director of the steam turbine branch (汽發分廠) of Harbin Electric Machinery Co., Ltd.\* (哈爾濱電機廠有限責任公司), head of the organization department of HE and the Company, deputy general manager of Harbin Boiler Co., Ltd.\* (哈爾濱鍋爐廠有限責任公司), chairman, general manager, and deputy secretary of the Party committee of Harbin Turbine Company Limited\* (哈爾濱汽輪機廠有限責任公司), deputy chief economist of HE, general manager and secretary of the Party committee of the gas turbine division of the Company, chairman of Harbin Electric General Gas Turbine (Qinhuangdao) Co., Ltd.\* (哈電通用燃氣輪機(秦皇島)有限公司), general manager and secretary of the Party committee of the steam power division, general manager and secretary of the Party committee of the gas turbine division of the Company, and chairman of Harbin Electric General Gas Turbine (Qinhuangdao) Co., Ltd. He has served as the general manager of the marketing department of HE and the Company since January 2022. He has served as the vice president of the Company since August 2023.

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

**Mr. Lu Zhi-qiang (“Mr. Lu”)**, born in 1973, is a holder of a doctoral degree in engineering and a senior engineer of researcher level. He currently resigned as the senior vice president of the Company, and is currently a director, general manager and deputy secretary of the Party Committee of China First Heavy Industries Group Co. Ltd. Mr. Lu graduated from Harbin Institute of Technology with a degree in thermal turbine, and obtained a Ph. D. in dynamical machinery and engineering from Harbin Institute of Technology. Mr. Lu has served as a deputy head of the design research center, vice principal of the research institute, head of the technical management department and deputy chief engineer of Turbine Company. He served as the assistant to the general manager of Turbine Company in September 2009, deputy general manager of Turbine Company in June 2011, executive deputy general manager of Turbine Company in March 2015, general manager and deputy secretary of the Party Committee of Turbine Company in January 2016, chairman and secretary of the Party Committee of Harbin Turbine Company Limited in March 2017, standing committee member of the Party Committee and deputy general manager of HE in August 2018, and a senior vice president and standing committee member of the Party Committee of the Company in November 2018. He has served as a deputy secretary of the Party Committee of HE and a deputy secretary of the Party Committee of the Company in March 2024. He resigned as the senior vice president of the Company in April 2024.

**Mr. Yu Long (“Mr. Yu”)**, born in 1965, holds a master’s degree and title of senior engineer at the researcher level, and currently resigned as the vice president of the Company and retired. Mr. Yu graduated from the Department of Thermal Engineering at Tsinghua University with a bachelor’s degree in thermal engineering. Since then, Mr. Yu has served as the deputy director, deputy chief engineer and deputy general manager of the design department of HB, secretary of the Party committee and executive deputy general manager of the steam power division of the Company. In January 2018, he was appointed as the secretary of the Party committee and general manager of the steam power division of the Company, and in March 2019, he was appointed as the vice chairman, general manager and deputy secretary of the Party committee of Harbin Boiler Company Limited. He served as the chairman of the board of directors and secretary of the Party committee of Harbin Boiler Company Limited in July 2022, and the vice president of the Company in August 2022. He resigned as the vice president of the Company in March 2025.

## COMPANY SECRETARY

**Mr. Ai Li-song (“Mr. Ai”)**, born in 1970, is a senior economist with a master degree. He is currently the company secretary and a general manager of legal compliance department of the Company. Mr. Ai graduated from Jilin University of Technology majoring in technical economics and he obtained a master degree from Harbin Institute of Technology. Mr. Ai has been a staff of the Harbin Electrical Machinery Works, general manager of the Sales Office of Shenyin & Wanguo Securities Co., Ltd. (申銀萬國證券公司) at Nanma Road, Harbin, deputy manager of the investment and reforming department and manager of investment management department of HE, manager of the planning and development department, director of the secretariat of the Board, deputy manager and manager of the securities and legal affairs department of HE and the Company. He has been the company secretary of the Company since May 2015 and has been the general manager of legal compliance department of the Company since December 2019.

## PRINCIPAL ACTIVITIES

The Company is mainly engaged in the manufacture and sales of various kinds of power generation equipment and provision of power station engineering services, and its major businesses currently include: New-type power equipment, mainly including thermal power equipment, hydropower equipment, nuclear power equipment, steam equipment, energy storage equipment, etc.; green and low carbon driven equipment, mainly including marine equipment, etc.; clean and efficient industrial system, mainly including environmental protection products, industrial petrochemical equipment, etc.; EPC and trading, including general contracting of power systems, drive systems, etc.; modern manufacturing and service industry, including energy equipment renovation, spare parts sales, operation and maintenance, inspection and other related businesses. There were no significant changes in the Company's principal activities during the Reporting Period.

The operations of the Company are mainly located in China, with approximate four-fifth of its revenue deriving from China during 2024. In 2024, the revenue from export of the Company amounted to RMB4,714.97 million, representing 12.31% of the Company's operating income, representing a year-on-year increase of RMB52.79 million. The Company's major regions for export included Asia, America, Europe and other regions, which respectively amounted to RMB3,498.22 million to Asia, RMB935.82 million to America and RMB274.54 million to Europe.

## BUSINESS REVIEW

Details of a fair review of the Company's business in 2024, key financial performance indicators and possible future developments of the Company are set out in the section headed "Management Discussion and Analysis" of this annual report.

### Principal Risk and Uncertainties

In 2024, with the goal of "strengthening internal control, preventing risks, and promoting compliance", the Company coordinated high-quality development and high-level safety, fully committed to constructing a compliance and risk control system that covers the entire group, all staff, all fields, and all systems, with "horizontal coordination and vertical integration" as its core, strived to institutionalize and normalize the efforts of preventing and mitigating major risks, continued to improve the risk management mechanism, strengthened risk assessment and response, focused on preventing and resolving major systemic risks, and strived to improve enterprise risk management and control capabilities. The Company ensured the operation and management of the year were legal and compliant, and major risks were under control. During the year, the principal risks and countermeasures of the Company were as follows:

1. International operation risk: At present, the uncertainty of the world economy is significantly increasing, and the possibility of risks caused by changes in the political and economic situation of the countries where foreign-related business is located continues to rise. Moreover, foreign-related contracts are usually denominated in US dollars, and exchange rate fluctuations may have a certain impact on the Company's operating performance. In this regard, the Company conducted in-depth research and analysis of overseas market policies and environment. When selecting projects, the Company tried to avoid countries or regions with greater risks in the political environment and natural environment; in the process of project implementation, the Company strictly followed the requirements of risk management and control, and did a good job of project risk assessment, identification and response, as well as safeguarded its legitimate rights and interests according to law; the Company continued to consolidate the management foundation for hedging foreign exchange transaction risks, and strictly controlled the risks that may be caused by exchange rate fluctuations.



# DIRECTORS' REPORT (CONTINUED)

2. Reform and transition risks: The Company is engaged in the equipment manufacturing industry, which is considerably influenced by national policies. The country is vigorously promoting the transformation and upgrade of industrial structure and accelerating the development of new energy, green and low-carbon economy, which poses new challenges to the Company's judgment and execution in promoting reform and transformation and adapting to changes in the external environment such as industry development and market competition. In this regard, the Company has coordinated the green and low-carbon transformation of its industry, accelerated the construction of a new power system, a green and low-carbon drive system and a clean and efficient industrial system with new energy as the mainstay, and further enhanced its core competitiveness and sustainable development capability. The Company has also vigorously promoted the construction of heavy equipment manufacturing bases and large-scale equipment renewal and transformation initiatives. The first phase of the pumped storage project and the engineering research center construction project have been successfully put into operation, and the key investment projects have begun to demonstrate initial results.
3. Market competition risk: The clean energy and low-carbon transformation in the "14th Five-Year Plan" provides rare opportunities for the energy equipment manufacturing industry, and also puts forward urgent requirements for the technological upgrade and leapfrogging of energy equipment manufacturing enterprises. The market competition will then become increasingly fierce. In this regard, the Company will strive for better product, better quality and better service, solidly promote the special action of quality and efficiency improvement and win the trust of customers by continuously promoting business and product innovation, technology research and development, improving product competitiveness, increasing market development efforts, and improving service capability levels.

## Compliance with Relevant Laws and Regulations

In 2024, none of non-compliant events occur to the Company with respect to relevant laws and regulations that have a significant impact on the business of the Company. Relevant laws and regulations are listed as follows:

Principal Laws and Regulations	Key Scope	Compliance Measures
Civil Code of the People's Republic of China	The Company's business contract signed with customers must comply with basic requirements stipulated in the Civil Code.	<div><div>1. Business contracts signed by each business department of the Company need to be reviewed by the Company's legal advisers.</div><div>2. The legal adviser puts emphasis on reviewing the main terms of the contract subject, contract subject, quantity, quality, price or remuneration, performance period, place, method, liability for breach of contract and dispute resolution, proposes amendments and controls contract legal risk of the Company.</div></div>

## DIRECTORS' REPORT (CONTINUED)

Principal Laws and Regulations	Key Scope	Compliance Measures
Securities Law of the People's Republic of China and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited	Relevant regulations required to comply with by the Company as a securities issuer	The Company appoints professional legal advisers to assist with related work as the securities issuer and formulates related systems to regulate internal governance and information disclosure and other related works.
The Company Law of the People's Republic of China	The Company establishes and regulates its governance structure, organizational structure and operational conduct in accordance with the law.	The Company formulates its Articles of Association in accordance with the Company Law, which must be subjected to legal compliance review by the Company's legal advisers. The Company's legal advisers also conduct legal reviews and issue legal opinions on significant matters relating to the Company's operations.
Tendering and Bidding Law of the People's Republic of China	The tendering activities and procurement of the Company must be strictly carried out in accordance with the Tendering and Bidding Law.	<ol style="list-style-type: none"> <li>1. The Company establishes Harbin Electric Materials Co., Ltd. (哈爾濱電氣物資有限公司) to fully implement the relevant procurement and tendering policies, laws and regulations of the country and higher level units, and organize and promote the implementation of centralized procurement tendering work.</li> <li>2. In accordance with the "Administrative Measures on Tendering Procedures" and other regulations, the Company must conduct open tendering or selective tendering if purchases of goods or services reach certain amount.</li> </ol>
Labor Law of the People's Republic of China and Labor Contract Law of the People's Republic of China	When entering into or terminating an employer-employment relationship, provisions of the Labor Law and the Labor Contract Law must be followed by both the Company and employees.	A fixed labor contract model and cancelling clauses reviewed by the legal department should be possessed by the human resources department of the Company.

## DIRECTORS' REPORT (CONTINUED)

### Employees, Major Customers and Suppliers

#### 1. *Employees*

As of 31 December 2024, the Company had 11,415 employees, of which female employees totaled 1,811, accounting for 15.87%, 3,234 employees aged below 35, accounting for 28.33%; 4,248 employees aged 36–45, accounting for 37.21%, 3,057 employees aged 46–55, accounting for 26.78%, and 876 employees aged above 56, accounting for 7.67%.

In 2024, the Company organized 981 classes in total for various trainings, with 62,300 persons participating in.

#### 2. *Major suppliers*

In 2024, the contract value of the Company's top five suppliers was RMB3,060 million, accounting for 5.58% of the total procurement volume (RMB54,815 million). Among them, the largest supplier had a contract value of RMB767 million, accounting for 1.40% of the total procurement volume of the Company.

#### 3. *Major customers*

During 2024, the Company's top five customers contributed 14.04% of total operating revenue, of which the largest customer accounted for 3.58% of total operating revenue.

None of the Directors, Supervisors, their associates and any shareholders of the Company (which to the knowledge of the Board of Directors own 5% or above of the Company's shares) has any interest in the above-mentioned suppliers or customers.

## RESULTS

As of 31 December 2024, the operating income of the Company amounted to RMB38,297.85 million, and net profit attributable to the owners of the parent company was RMB1,685.57 million. The results of the Company for the year ended 31 December 2024 are set out in the consolidated income statement of this annual report.

## DIVIDEND

Based on the Company's total share capital of 2,236,276,000 shares, the board of directors recommends a final dividend of RMB0.227 per share (tax inclusive) for the year 2024, representing 30.11% of the Company's earnings per share for the year 2024, for a total dividend of RMB507,634,652.00.

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 2025, that is, RMB1 is equivalent to HK\$1.083, and the dividend of H-share shareholders will be HK\$0.246 per share.

The Company will review and approve the 2024 final dividend distribution plan at the 2024 Annual General Meeting of Shareholders to be held on 23 May 2025.

No shareholder has told the Company to waive or agree to waive any dividend as of 31 December 2024.

## DIRECTORS' REPORT (CONTINUED)

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

The final dividend for the year of 2024 of the Company will be distributed on 23 July 2025, and the register of members of the Company will be closed from 16 June 2025 to 20 June 2025 (both dates inclusive). Final dividends for the year of 2024 of the Company will be distributed to shareholders whose names appear in the register of members of the Company on 16 June 2025.

In order to be qualified for the final dividends for 2024, all duly completed transfers of shares together with the relevant share certificates must be lodged with Hong Kong Registrars 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 13 June 2025.

### 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 requirement, 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 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 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 excess amount of individual income tax withheld by providing relevant information for approval by taxation authority; for individual shareholders of H shares who are residents of countries which 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 entered into a tax treaty with the PRC stipulating a dividend tax rate of 20% or has not entered into any tax treaties with the PRC, the Company will withhold and pay individual income tax at the rate of 20% on behalf of the relevant shareholders; according to the "PRC Individual Income Tax Law" (《中華人民共和國個人所得稅法》), 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 local tax authorities, the individual shareholders of H share of the Company who need personal income tax clearance certificates shall provide their passport information, therefore, for those individual shareholders of H share of the Company who need the personal income tax clearance certificates, please delivery 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, and for those shareholders of H share who fail to provide their passport information, the Company will withhold and pay individual income tax collectively.

## DIRECTORS' REPORT (CONTINUED)

### 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 all independent non-executive Directors are independent.

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

As of 31 December 2024, none of the directors, supervisors and senior management of the Company had any interest or short position in the shares, underlying shares and debentures (as the case may be) of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (SFO)) which was required to be notified to the Company and the Hong Kong Stock Exchange (including interest or short position which any such director, supervisor or senior management is taken or deemed to have under such provisions of the SFO) pursuant to the SFO or which was required to be recorded in the Register kept by the Company pursuant to section 352 of the SFO or which was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix C3 to the Listing Rules.

### SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

As of 31 December 2024, the Company entered into no service contract specified in Rule 14 of Appendix D2 of the Listing Rules with Directors and Supervisors of the Company.

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

As of 31 December 2024, 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.

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

On 6 May 2024, the Company entered into an Equity Transfer Agreement with HE, pursuant to which, HE transferred its 25% equity interest in Harbin Power Equipment National Engineering Research Centre Co., Ltd. (the "**Engineering Research Centre**") to the Company at the transfer price of RMB19.9457 million, and Engineering Research Centre became a wholly-owned subsidiary of the Company. For further details, please refer to the Company's announcement dated 6 May 2024.

## DIRECTORS' REPORT (CONTINUED)

### REMUNERATION OF DIRECTORS AND SUPERVISORS

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

The remuneration of the directors and supervisors of the Company as of 31 December 2024 is as follows:

Unit: RMB

	Fees	Salaries and other benefits	Contribution to retirement benefits scheme	Total
<b>Executive Directors</b>				
Mr. Cao Zhi-an	0.00	0.00	0.00	0.00
Mr. Huang Wei	0.00	717,666.00	43,305.60	760,971.60
Mr. Shen Tong (Appointed in November 2024)	0.00	686,840.00	40,377.60	727,217.60
Mr. Zhang Ying-jian (Resigned in March 2024)	0.00	686,840.00	40,377.60	727,217.60
Total	0.00	2,091,346.00	124,060.80	2,215,406.80
<b>Independent Non-Executive Directors</b>				
Mr. He Yu	0.00	100,000.00	0.00	100,000.00
Mr. Pan Qi-long	0.00	0.00	0.00	0.00
Ms. Niu Xiang-chun (Appointed in November 2024)	0.00	10,000.00	0.00	10,000.00
Mr. Gao Yi-bin (Appointed in November 2024)	0.00	10,000.00	0.00	10,000.00
Mr. Hu Jian-min (Resigned in November 2024)	0.00	75,000.00	0.00	75,000.00
Mr. Tang Zhi-hong (Resigned in November 2024)	0.00	75,000.00	0.00	75,000.00
Total	0.00	270,000.00	0.00	270,000.00
<b>Supervisors</b>				
Mr. Liu Wei-min	0.00	644,567.00	40,377.60	684,944.60
Mr. Zhu Peng-tao (Appointed in December 2024)	0.00	432,339.00	40,377.60	472,716.60
Mr. Zhang Jun	0.00	1,214,262.00	40,377.60	1,254,639.60
Mr. Yang Yu-long	0.00	920,550.00	40,377.60	960,927.60
Mr. Zhao Xin	0.00	1,006,495.94	40,377.60	1,046,873.54
Total	0.00	4,218,213.94	201,888.00	4,420,101.94

*Note:* The remuneration of Executive Directors Mr. Huang Wei, Mr. Shen Tong and Mr. Zhang Yingjian is the pre-tax remuneration paid in 2024 (including the previous annual remuneration paid in 2024). Their final remuneration for 2024 will be determined and paid after approval by the higher management authority and included in the annual remuneration for subsequent years in the Company's annual report.



## DIRECTORS' REPORT (CONTINUED)

### FIVE HIGHEST PAID PERSONNEL

As of 31 December 2024, among the five highest paid personnel in the Company, three are senior executives of the Company and its subsidiaries, and two are senior technical talents of the Company's subsidiaries, with four of them having remuneration over HK\$1.5 million but below HK\$2 million and one of them having remuneration over HK\$1 million but below HK\$1.5 million.

Unit: RMB

	<b>Fees</b>	<b>Salaries and other benefits</b>	<b>Contribution to retirement benefits scheme</b>	<b>Total</b>
Total remuneration of the five highest paid personnel	0.00	7,289,966.10	201,888.00	7,491,854.10

### CONTINGENT LIABILITIES – GUARANTEES

As of 31 December 2024, total internal guarantees in favour of the Company made by the Company and its subsidiaries amounted to RMB909.84 million. No external guarantee was provided.

### PERMITTED INDEMNITY PROVISION

As provided by applicable laws, each director of the Company is entitled to be indemnified by respective companies for all costs, charges, losses, fees and liabilities which arise from or are connected to the execution and performance of their duties according to the Articles of Association of the Company. The provision becomes effective in the financial year ended 31 December 2024 and remains in effect as at the date of this report.

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

### SIGNIFICANT INVESTMENT IN SECURITIES

During the year ended 31 December 2024, the Company had no significant investment in securities of subsidiaries.

## DIRECTORS' REPORT (CONTINUED)

### STAFF REMUNERATION, RETIREMENT AND BENEFITS SCHEME

In 2024, the total salaries of the Company amounted to RMB2,156.20 million.

To incentivize key employees, the Company has implemented the 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). Since the Company's performance for the years 2021 and 2022 did not meet the performance targets for the first and second exercise periods of the plan, the first and second exercise periods of the plan are not feasible. Upon confirmation by the Board of Directors, the Company's performance for the year 2023 has met the performance targets for the third exercise period of the plan. The Company is currently organizing the participants to exercise their rights for the third exercise period, with the exercise validity period ending on 28 January 2026. In accordance with the plan, and in light of the Company's final dividend distribution for the fiscal years 2022 and 2023, as well as the issuance of additional domestic shares implemented in 2023, the adjusted number of grants under the plan is 42,368,968 shares, with an exercise price of HK\$2.4735 per share.

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 was required to contribute a certain percentage of its employees' remuneration to the retirement benefits scheme. The Company is not allowed 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 2024.

### FIXED ASSETS

As of 31 December 2024, the fixed assets of the Company amounted to RMB5,418.09 million.

### PROFITS AVAILABLE FOR DISTRIBUTION

As of 31 December 2024, the total undistributed profits of the Company amounted to RMB6,823.25 million. Movements in the undistributed profits of the Company during the year are set out in the consolidated statement of changes in equity to the financial statements.

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

As of 31 December 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

### 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.

## DIRECTORS' REPORT (CONTINUED)

### MAJOR LITIGATION

The Company has not been involved in any significant pending litigation matters in 2024.

### TAX POLICIES

According to the provisions of Administrative Measures with regard to the Recognition of High and New Technology Enterprises (《高新技術企業認定管理辦法》) jointly issued by the Ministry of Science and Technology, the Ministry of Finance and the State Administration for Taxation of the PRC on 14 April 2008 and the Administrative Guidance with Regard to the Recognition of High and New Technology Enterprises (《高新技術企業認定管理工作指引》) jointly issued by the Ministry of Science and Technology, the Ministry of Finance and the State Administration of Taxation on 8 July 2008, corporations including the Company and its affiliates, including Harbin Electrical Machinery Company Limited, Harbin Boiler Company Limited, Harbin Turbine Company Limited, HE Harbin Power Plant Valve Company Limited, and Harbin Electric Science and Technology Co., Ltd were re-recognised as High and New Technology Enterprises, and shall continue to enjoy a 15% preferential income tax rate, which is significant to their long-term development.

Under the Opinions of Central Committee of the Communist Party of China and the State Council on the Comprehensive Revitalization of Historical Industrial Bases of the Northeast Regions (《中共中央國務院關於全面振興東北地區等老工業基地的若干意見》) in 2016, the Company will continue to enjoy the relevant favourable policies in supporting such revitalization for historical industrial bases of the northeast regions.

In accordance with regulations of the State Administration of Taxation, the rate for tax rebate applicable to the Company's new export products contracts is 13%, which is effective from 1 April 2019.

Pursuant to the Announcement of the General Administration of Taxation of the Ministry of Finance on the Expansion of the Scope of the Policy on the Refund of Value Added Tax Credits (《財政部稅務總局關於擴大全額退還增值稅留抵稅額政策行業範圍的公告》) in 2022, the Company is entitled to a refund of the newly-added credits and a one-time refund of the existing tax credits.

### CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

The Company has established Measures for Managing Connected Transactions (《關連交易管理辦法》) to regulate performance of connected transactions and continuing connected transactions. The continuing connected transactions of the Company are internally monitored by the responsible departments, including finance department of planning and secretariat of the Board. The amendment of relevant system and pricing policies are carried out by the responsible departments which are in charge of relevant works and shall be approved by the Board after discussion with the management of the Company. In addition, relevant pricing systems, process and their implementation are supervised by the responsible departments, and those of our subsidiaries were monitored by relevant departments so as to ensure continuing connected transactions were carried out in accordance with their systems.

## DIRECTORS' REPORT (CONTINUED)

The annual review of continuing connected transactions by independent non-executive directors of the Company were based on the annual progress of continuing connected transactions detailed state in the annual report and financial report of the Company, and also the review letter of annual progress of continuing connected transactions issued by the auditor of the Company. The independent non-executive directors, where appropriate, inquiry to the management to ensure that sufficient information is obtained to review such transactions and internal control procedures. The independent non-executive directors can ensure that (i) the methods and procedures established by the issuer are sufficient to ensure that the transaction conducted on normal commercial terms and does not prejudice the interests of the issuer and the minority shareholders; and (ii) the issuer has in place internal monitoring procedures, and these transactions were also reviewed by internal audit function.

The Company confirmed that it has complied with the disclosure requirements under Chapter 14A of the Listing Rules in respect of such connected transactions and continuing connected transactions.

As of 31 December 2024, the Company carried out the following connected transactions and continuing connected transactions (other than connected transactions that are exempted under Rule 14A.33 of the Listing Rules):

### Connected Transactions

#### 1. *Equity Transfer Agreement between the Company and HE*

On 6 May 2024, the Company entered into an Equity Transfer Agreement with HE, pursuant to which, HE transferred its 25% equity interest in Engineering Research Centre to the Company at the transfer price of RMB19.9457 million, and Engineering Research Centre became a wholly-owned subsidiary of the Company. For further details, please refer to the Company's announcement dated 6 May 2024.

#### 2. *Tangible Assets Transaction Contract between Boiler Company and Haguo Industrial*

On 25 July 2024, Boiler Company, a wholly-owned subsidiary of the Company, entered into a Tangible Assets Transaction Contract with Haguo Industrial, a subsidiary of HE, pursuant to which, Boiler Company purchased the tangible assets of Haguo Industrial at a price of RMB51.9750 million. For further details, please refer to the Company's announcement dated 25 July 2024.

### Continuing Connected Transactions

#### 1. *Product and Service Framework Agreement between the Company and HE*

On 20 December 2022, the Company entered into a product and service framework agreement with HE, pursuant to which, the Company and its subsidiaries and HE and its subsidiaries would provide products and services to each other during the three financial years from 1 January 2023 to 31 December 2025.

During the financial year from 1 January to 31 December 2024, the transaction cap for providing services by the Company and its subsidiaries to HE and its subsidiaries was RMB4 million, while the actual transaction amount was RMB3.0943 million; the transaction cap for selling products was RMB100 million, while the actual transaction amount was RMB39.8646 million; the transaction cap for receiving services from HE and its subsidiaries was RMB230 million, while the actual transaction amount was RMB76.5752 million; the transaction cap for purchasing products was RMB230 million, while the actual transaction amount was RMB156.4304 million. The amounts of such transactions did not exceed the cap.

## DIRECTORS' REPORT (CONTINUED)

### 2. *Financial Service Framework Agreement between the Company and HE*

On 20 December 2022, the Company entered into a financial service framework agreement with HE, pursuant to which, HE Finance Company Limited (the "Finance Company"), a subsidiary of the Company, would provide financial services including depository services, loan services and other financial services to the HE and its subsidiaries, from 31 December 2022 to 30 December 2025.

During the financial year from 1 January to 31 December 2024, the accumulated maximum daily balance of loan services provided by Finance Company to the HE and its subsidiaries was RMB230 million, while the actual transaction amount was RMB195 million; the transaction cap of service fees and handling fees for other financial services provided by the Finance Company to HE and its subsidiaries was RMB4 million, while the actual transaction amount was RMB0.0121 million. The amount of such transaction did not exceed the cap.

### 3. *Products and Services Framework Agreement between the Company and Engineering Research Centre*

On 22 September 2023, the Company entered into a products and services framework agreement (the "**Agreement**") with Engineering Research Centre, a related subsidiary of the Company, pursuant to which, the Company and Engineering Research Centre agreed to provide products and services to each other in accordance with the terms and conditions contained in the Agreement from 22 September 2023 to 31 December 2025. On 6 May 2024, the Company entered into an Equity Transfer Agreement with HE, pursuant to which, HE transferred 25% of its equity interest in Engineering Research Centre to the Company. Engineering Research Centre became a wholly-owned subsidiary of the Company, and the Agreement was subsequently terminated.

During the period from 1 January to 6 May 2024, the annual cap for the provision of products and services by Engineering Research Centre to the Company and its subsidiaries was RMB150 million, while the actual expenses was RMB8.4337 million. The annual cap for the provision of products and services by the Company and its subsidiaries to Engineering Research Centre was RMB150 million, while the actual expenses was nil. The amount of such expenses did not exceed the cap.

## Confirmation on Continuing Connected Transactions

The Independent Non-Executive Directors of the Company have reviewed the continuing connected transactions (as defined in the Listing Rules) and confirmed that:

1. These continuing connected transactions had been entered into according to the agreement governing them on terms that are fair and reasonable and in the interests of shareholders of the issuer as a whole;
2. These continuing connected transactions had been entered into on normal commercial terms or better;
3. These continuing connected transactions had been entered into in the ordinary and usual course of business of the issuer.

The auditors of the Company have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed above by the Company in accordance with the Listing Rules.

## DIRECTORS' REPORT (CONTINUED)

### DETAILS OF SHARE CAPITAL

#### Shareholding Structure

As of 31 December 2024, the total share capital of the Company comprised 2,236,276,000 shares, of which 1,560,705,000 Domestic Shares (state-owned corporate shares) were held by the HE (representing 69.79% of the entire share capital) and 675,571,000 H shares were held by overseas holders of H shares (representing 30.21% of the entire share capital).

#### Equity Interests of Substantial Shareholders

As of 31 December 2024 and up to the date of this annual report, the shareholders having an interest and short positions in 5% or more of the issued share capital of the Company of the relevant classes as recorded in the register of interests in shares and short positions required to be kept by the Company pursuant to Section 336 of the Securities and Futures Ordinance (the "SFO") were as follows:

Long positions in the shares of the Company:

Date	Name of shareholders	Class of shares	Number of shares	Capacity	Percentage of the relevant class of share capital	Percentage of entire share capital
As of 31 December 2024	Harbin Electric Corporation	State-owned legal person shares	1,560,705,000	Beneficial Owner	100%	69.79%

Save as disclosed above, the register required to be kept under section 336 of the SFO showed that the Company had not been notified of any interests or short positions in the shares and underlying shares of the Company as of 31 December 2024.



## DIRECTORS' REPORT (CONTINUED)

### Holding Range of Shareholders

The Company has sufficient public float. As at 31 December 2024, the top ten registered shareholders holding the largest quantity of shares were as follows:

No.	Name of Shareholder	Number of Shares	Percentage of Shares Held	Remarks
1	HARBIN ELECTRIC CORPORATION	1,560,705,000	69.79%	Shares owned by stated owned legal person
2	HKSCC NOMINEES LIMITED	672,719,805	30.08%	H shares
3	LI CHI SING	376,000	0.02%	H shares
4	YIP CHOK CHIU	360,000	0.02%	H shares
5	CHEUNG YUM TIN	200,000	0.01%	H shares
6	HO YUN HUNG	200,000	0.01%	H shares
7	LEE LAI HAR	140,000	0.01%	H shares
8	NG KAM WAN	110,000	0.00%	H shares
9	CHEN CHUNG HSUAN	100,000	0.00%	H shares
10	NAM LEE FAT	88,000	0.00%	H shares

### Analysis of Shareholding of Holders of H Shares

Based on the register of members as at 31 December 2024, the shareholding of holders of H shares as follows:

Range	Number of Shareholders	Number of Shares Held	Percentage to Issued H Shares
1–1,000	7	1,195	0.00%
1,001–5,000	37	94,000	0.01%
5,001–10,000	30	242,000	0.04%
10,001–100,000	36	1,128,000	0.17%
100,001 or above	7	674,105,805	99.78%
Total	117	675,571,000	100.00%

## DIRECTORS' REPORT (CONTINUED)

### 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.

### ENVIRONMENT, SOCIETY AND GOVERNANCE

In 2024, the Company fully complied with the C2 Environmental, Social, and Governance Reporting Guidelines, continued to realize its social responsibility of “Friendly environment, Warm Home”, and promoted the new development concept of “innovation, coordination, green, open and sharing” into the Company construction and development. The Company attached great importance to the harmony and unity of economy and ecology, deeply implemented the concept of green development, strictly carried out relevant environmental protection policies, vigorously promoted energy conservation and emission reduction, deepened development in the environmental protection industry, and actively promoted the development of new energy industries; adhered to people-oriented, scientifically built the staff team, protected the rights and interests of its employees, and cared for the lives of employees; 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; 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. However, on 20 March 2024, Mr. Zhang Ying-jian resigned as Executive Director due to job changes, and until 12 November 2024, the number of directors was lower than the number stipulated in the Articles of Association.

Details of which are set out in Corporate Governance Report of the annual report and Environmental, Social and Governance Report 2024.

### AUDIT COMMITTEE

The Audit Committee has reviewed the audited financial statements, continuing connected transactions, internal control and risk management of the Company for the year ended 31 December 2024, and discussed with the Board the financial reporting procedures as well as the internal control system of the Company.

### AUDITOR

The financial statements of the Company for the year ended 31 December 2024 have been audited by Da Hua Certified Public Accountants LLP, and the remuneration for its audit services was RMB2.20 million. The financial statements of the Company for the past three years have all been audited by Da Hua Certified Public Accountants.

Da Hua Certified Public Accountants LLP has served as the auditor of the Company's annual financial statements for six consecutive years. Taking into account the specific circumstances of the Company and considering commercial factors, the Board of Directors recommends that the General Meeting of Shareholders appoint ShineWing Certified Public Accountants LLP as the auditor for the Company's 2025 financial statements, with an audit fee of RMB2.2 million. There are no disagreements between the Company and Da Hua Certified Public Accountants LLP.

# REPORT OF THE BOARD OF SUPERVISORS

To all shareholders:

For the year ended 31 December 2024, all members of the Board of Supervisors (“the Board of Supervisors”) of the Company duly performed their functions with taking the interests of the Company and all shareholders into account in accordance with the relevant regulations of the Company Law of the People’s Republic of China, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Articles of Association of the Company. The Board of Supervisors has carried out a supervision on the performance of the functions and powers of the directors and senior managers of the Company, attended or sat in on all the Shareholders’ meetings and Board meetings of the Company, actively participated in the examination and verification of the Company’s major decision-making matters, and inspected the Company’s operations and finances on an irregular basis, which promoted the Company’s work in a smooth manner.

In 2024, the Board of Supervisors convened five meetings. The main work contents are as follows:

No.	Summary
1	To review the Company's 2023 annual results
2	To review the Company's 2024 interim results
3	To nominate the shareholder representative supervisor of the tenth session of the supervisory committee of the Company
4	To elect the chairman of the tenth session of the supervisory committee of the Company
5	To review the exercise of the third tranche of interests under the Company's H Share Appreciation Right Incentive Scheme (Phase I)

The Supervisors attended 1 Shareholders' annual general meeting, 1 extraordinary general meeting, 2 class meetings of shareholders, and 9 Board meetings in person, supervised the procedures of and matters in the meeting, and put forward relevant opinions and suggestions in a responsible manner.

## REPORT OF THE BOARD OF SUPERVISORS (CONTINUED)

For all related works of the Company in 2024, the Board of Supervisors gave the following independent opinions:

1. During the Period, the Company strictly complied with the nation's laws and regulations, operated in accordance with the procedures regulating listing companies, and duly executed various resolutions passed at the general meetings. The Company achieved satisfying results from all works during the year, and achieved stable and healthy development.
2. The Board of Supervisors considered that the Board of Directors and Senior Management of the Company are diligent in performing their duties and protecting the interests of the shareholders. The Board and all directors earnestly carried out their rights and obligations under the Company Law of the People's Republic of China, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Articles of Association of the Company, and made decisions on significant issues such as production and operation of the Company in accordance with laws and regulations. The Senior Management duly implemented resolutions passed at the Board meetings, advanced each work on all fronts and ensured smooth going concern of the Company. During the Period, none of the members of the Board and Senior Management was found to breach of the nations' laws and rules and the Articles of the Association of the Company or act against the interests of the Company and the legitimate rights and interests of shareholders and employees.
3. The Board of Supervisors has reviewed the Company's financial system and conditions and considered that the Company's financial system has an integrated structure and a sound system, and the financial works have been operated orderly according to the internal control system and risk management. Relevant information such as annual financial report to be proposed by the Board of Directors for approval at the Annual General Meeting has objectively and truly reflected the financial position and operating results of the Company.
4. The Board of Supervisors has reviewed the exercise of the third tranche of interests under the Company's H Share Appreciation Right Incentive Scheme (Phase I) and confirmed that the conditions for the exercise of the third tranche of interests under the H Share Appreciation Right Incentive Scheme (Phase I) were satisfied.
5. The Board of Supervisors has reviewed the Company's 2024 Directors' Report and considered that the report truly and objectively reflected the actual conditions of each related work of the Company during the period.
6. The Board of Supervisors has reviewed the Company's self-assessment report of 2024 on internal control and risk management and confirmed that the Company has established a sound risk management and internal control system, which is operating effectively.

In 2025, the Board of Supervisors will continue to effectively perform its supervisory duties in accordance with the relevant regulations of the Company Law of the People's Republic of China, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Articles of Association of the Company to ensure the operation of the Company in accordance with the law and protect the interests of the Company and Shareholders.

The Board of Supervisors sincerely appreciates the trust and support from all colleagues and the shareholders of the Company!

**Harbin Electric Company Limited**

*The Board of Supervisors*

26 March 2025

# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE PRACTICES

The Company has been actively enhancing the Company's corporate governing structure and standardizing the Company's operations through strictly complying with relevant provisions such as the Company Law of the People's Republic of China and the Securities Law of the People's Republic of China. The Board (the "Board") of the Company is committed to maintaining a high standard of corporate governance, and believes that good corporate governance practices are crucial to the success and sustainable development of the Company's operation in the long run.

In 2024, the Company has fully complied with provisions set out in the Corporate Governance Code in Appendix C1 of the Rules Governing the Listing Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and, where appropriate, adopted the recommended best practices as specified therein. On 20 March 2024, Mr. Zhang Ying-jian resigned as an executive director due to a change in position, so the number of the Board members is below the quorum as required under the Articles of Association of the Company during the period up to 12 November 2024.

The Board of the Company is responsible for the corporate governance functions. In 2024, the Board has strictly observed the policies and practices in compliance with laws and regulatory requirement, and also enacted and amended its regulations with reference to those policies and practices, with an aim to perfect our corporate governance policies and practices. The Company continues to focus on the training and continuous professional development of directors and senior management, and actively carries out internal review and rectification work to improve the level of the Company's governance.

## CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules as the code of conduct regarding directors' securities transactions. In response to a specific enquiry by the Company, all Directors confirmed that they complied with the Model Code for Securities Transactions by Directors of Listed Issuers at all applicable times during 2024.

## BOARD OF DIRECTORS

The major duties of the Board of Directors of the Company are to exercise the discretion in management decision according to the authorization by the general meeting with respect to the development strategies, management structure, investment and financing, planning and management and financial control. Details are set out in the Articles of Association.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

### Composition of Board of Directors

As at the beginning of 2024, the ninth session of the Board of Directors had 7 directors, of whom 4 were independent non-executive directors. Members of the Board of Directors of the Company were:

Executive directors: Mr. Cao Zhi-an (Chairman), Mr. Huang Wei, Mr. Zhang Ying-jian

Independent non-executive directors: Mr. He Yu, Mr. Hu Jian-min, Mr. Tang Zhi-hong, Mr. Pan Qi-long

On 20 March 2024, Mr. Zhang Ying-jian resigned as an executive director of the Company due to a change in position. On 12 November 2024, Mr. Hu Jian-min and Mr. Tang Zhi-hong resigned as independent non-executive directors of the Company to pursue their personal endeavors; on the same date, the Board appointed Mr. Shen Tong as an executive director of the Company and appointed Ms. Niu Xiang-chun and Mr. Gao Yi-bin as independent non-executive directors of the Company in accordance with the authorization of the annual general meeting. The members of the ninth session of the Board of the Company have been changed to:

Executive directors: Mr. Cao Zhi-an (Chairman), Mr. Huang Wei, Mr. Shen Tong

Independent non-executive directors: Mr. He Yu, Mr. Pan Qi-long, Ms. Niu Xiang-chun, Mr. Gao Yi-bin

On 6 December 2024, the Company held an extraordinary general meeting (the “EGM”) to appoint Mr. Cao Zhi-an, Mr. Huang Wei and Mr. Shen Tong as executive directors of the tenth session of the Board of the Company and appoint Mr. He Yu, Mr. Pan Qi-long, Ms. Niu Xiang-chun, Mr. Gao Yi-bin as independent non-executive directors of the tenth session of the Board of the Company, and convened a Board meeting after the EGM to elect Mr. Cao Zhi-an as the chairman of the tenth session of the Board of the Company. As of 31 December 2024, the tenth session of the Board of the Company had 7 directors, of whom 4 were independent non-executive directors. Members of the Board of the Company were:

Executive directors: Mr. Cao Zhi-an (Chairman), Mr. Huang Wei, Mr. Shen Tong

Independent non-executive directors: Mr. He Yu, Mr. Pan Qi-long, Ms. Niu Xiang-chun, Mr. Gao Yi-bin

Biographies of the members of the Board of Directors are included in the section headed “Directors, Supervisors and Senior Management” in this annual report.

There were no financial, business, family or other material or relevant relationships among members of the Board of Directors.



## CORPORATE GOVERNANCE REPORT (CONTINUED)

### Independent non-executive directors

In 2024, the independent non-executive directors of the Company were: Mr. He Yu, Mr. Hu Jian-min (resigned on 12 November 2024), Mr. Tang Zhi-hong (resigned on 12 November 2024), Mr. Pan Qi-long, Ms. Niu Xiang-chun (appointed on 12 November 2024) and Mr. Gao Yi-bin (appointed on 12 November 2024).

During the reporting period, all the Independent non-executive Directors attended the meetings of the Board of Directors with a prudent and responsible principle. They fully utilized their experiences and expertise, and made substantial contribution towards the improvement and perfection of the corporate governance mechanism, the important decision-making process and the review of connected transactions. They also provided balanced and objective advice with regard to the aspects mentioned above to further standardize the decision-making process of the Board of Directors and make this process more scientific, thereby protecting the interests of the Company and all shareholders as a whole.

The Company confirmed that it has received annual confirmation from each independent non-executive director in respect of his/her independence.

### Meetings of the Board of Directors

During 2024, the Board convened 9 meetings to discuss and make decision on the major issues in the production and operation of the Company, including the Company's overall strategy, investment plan, operation and financial performance, 5 of which were regular meetings that directors presented in person or by authorized proxy. The Independent non-executive Directors of the Company did not have dissenting opinions regarding any of the Company's decisions. Attendances of the meetings are as follows:

**Attendance of Directors at meetings of the Board of Directors in 2024**

<b>Name of Director</b>	<b>Attendance Required</b>	<b>Attendance in Person</b>	<b>Attendance by Alternate Director</b>
Mr. Cao Zhi-an	9	9	0
Mr. Huang Wei	9	9	0
Mr. Shen Tong	2	1	1
Mr. He Yu	9	9	0
Mr. Pan Qi-long	9	9	0
Ms. Niu Xiang-chun	2	2	0
Mr. Gao Yi-bin	2	2	0
Mr. Zhang Ying-jian	3	3	0
Mr. Hu Jian-min	7	7	0
Mr. Tang Zhi-hong	7	7	0

The relevant information and latest development of the statutory, regulatory and other continuous responsibilities of the Board of Directors can be obtained by all Directors through the Company Secretary in a timely manner, so as to ensure all Directors understand his/her duties, and the procedures of the Board of Directors are consistently followed by and applicable laws and regulations are duly complied with. The Directors and the Board of Directors' special committees of the Company have the right to engage independent professional organizations for their service according to the requirement of their duties; reasonable costs incurred therefrom are borne by the Company.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

### Shareholders' General Meetings

On 24 May 2024, the Company held the annual general meeting of shareholders, the general meeting of H shares class and the general meeting of domestic shares, and Mr. Cao Zhi-an, Mr. Huang Wei, Mr. He Yu, Mr. Hu Jian-min, Mr. Tang Zhi-hong and Mr. Pan Qi-long attended the meeting; On 6 December 2024, the Company held an EGM, attended by Mr. Cao Zhi-an, Mr. Huang Wei, Mr. He Yu, Mr. Pan Qi-long, Ms. Niu Xiang-chun and Mr. Gao Yi-bin.

#### Attendance of Directors at general meeting in 2024

Name of Director	Attendance Required	Attendance in Person
Mr. Cao Zhi-an	4	4
Mr. Huang Wei	4	4
Mr. Shen Tong	1	0
Mr. He Yu	4	4
Mr. Pan Qi-long	4	4
Ms. Niu Xiang-chun	1	1
Mr. Gao Yi-bin	1	1
Mr. Zhang Ying-jian	0	0
Mr. Hu Jian-min	3	3
Mr. Tang Zhi-hong	3	3

Da Hua Certified Public Accountants (special general partnership), the auditor of the Company sent representatives as scrutineers to attend the above-mentioned annual general meetings, and Beijing HAIWEN & PARTNERS, the PRC legal advisor of the Company sent representatives to witness the above-mentioned annual general meetings.

### Term of Directors

The Directors of the Company are appointed on a term of three years.

### Duties and Performance of the Board and the Management

The Board of Directors shall exercise its functions and powers under authorization by the relevant laws and regulations and general meetings, including convening general meetings, reporting in general meeting, implementing the resolutions of the general meeting, determining the Company's business plan and investment plan, preparing the Company's annual financial budget, final accounts, profit distribution plan, and the appointment and removal of major personnel. In 2024, the Board of the Company made decisions discreetly after solemn discussions, and encouraged all directors to commit their duties by different methods, such as holding board meetings and communication. The Company encourages the directors with different opinions to express their own concerns and discuss these matters in sufficient depth. Every Director has devoted sufficient time and effort to explore the development of the Company, ensuring the correctness of the Company's development strategy and direction, so as to safeguard the interests of shareholders.

The management of the Company is authorized by the Board to be responsible for the management of the Company's operations and day-to-day affairs, and to report to the Board. In 2024, the management of the Company took its responsibilities seriously and conscientiously by strictly executing the work requirements of the Board, implementing the resolutions passed by the Board and actively promoting new achievements in the operation and development of the Company.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

### Training of the Directors

During 2024, the Company actively organized the trainings for the Directors, and reported the daily business briefing and market information of the Company, which greatly strengthened the knowledge and skills necessary for all the Directors, to ensure the Directors continue to contribute to the Board with comprehensive information and where necessary.

During 2024, the directors of the Company have participated in more than 100 training hours organized by the State-owned Assets Supervision and Administration Commission of the State Council and the Company. These courses further enhanced the directors' skills and knowledge, enabling them to make greater contributions to the development of the Company.

### CHAIRMAN AND PRESIDENT

The Chairman of the Company was Mr. Cao Zhi-an.

The President of the Company was Mr. Huang Wei.

Positions of the Chairman and the President of the Company are held by different individuals with distinct division of responsibilities. The Chairman presides over meetings of the Board of Directors and reviews on the implementation of matters resolved by the Board of Directors. The President is responsible for production, operation, and management of the Company, to exercise functions and powers as authorized by the Board and report to the Board.

There were no financial, business, family or other material or relevant relationships between the Chairman and the President of the Company.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

### SPECIAL COMMITTEES UNDER THE BOARD

The Board has established the Nomination Committee, the Remuneration Committee, the Audit Committee and the Strategy Development Committee, whose members are all Directors of the Company.

During 2024, the meetings convened by the special committees under the Board included 2 Nomination Committee meetings, 3 Remuneration Committee meetings, 5 Audit Committee meetings, and 6 Strategy Development Committee meetings. Each Director has attended the meetings of the committee in which he/she acted as a member in person, and had a thorough discussion on the related issues, providing quality, constructive opinions and advices. Attendances of the meetings are as follows:

Attendance of Directors at meetings of special committees under the Board in 2024

Name of Director	Nomination Committee			Remuneration Committee			Audit Committee			Strategy Development Committee		
	Attendance Required	Attendances in Person	Attendance Rate	Attendance Required	Attendances in Person	Attendance Rate	Attendance Required	Attendances in Person	Attendance Rate	Attendance Required	Attendances in Person	Attendance Rate
Mr. Cao Zhi-an	2	2	100%									
Mr. Huang Wei										6	6	100%
Mr. Shen Tong	1	1	100%									
Mr. He Yu	2	2	100%	3	3	100%	5	5	100%	6	6	100%
Mr. Pan Qi-long	2	2	100%	3	3	100%	5	5	100%	6	6	100%
Ms. Niu Xiang-chun	1	1	100%	1	1	100%	1	1	100%	1	1	100%
Mr. Gao Yi-bin	1	1	100%	1	1	100%	1	1	100%	1	1	100%
Mr. Zhang Ying-jian	0	0										
Mr. Hu Jian-min	1	1	100%	2	2	100%	4	4	100%	5	5	100%
Mr. Tang Zhi-hong	1	1	100%	2	2	100%	4	4	100%	5	5	100%

#### Nomination Committee

The main responsibilities of the Nomination Committee are: to make recommendations to the Board on its structure and composition according to the actual status of the Company, and to make recommendations on the election of directors and the appointment of senior management.

Prior to 20 March 2024, the members of the Nomination Committee included Mr. Cao Zhi-an, Mr. Zhang Ying-jian, Mr. He Yu, Mr. Hu Jianmin, Mr. Tang Zhi-hong and Mr. Pan Qi-long; and two thirds of the members of the Nomination Committee were independent non-executive directors, Chairman of the Company, Mr. Cao Zhi-an being the chairman of the Committee. Mr. Zhang Ying-jian resigned as a member of the Nomination Committee on 20 March 2024. On 12 November 2024, Mr. Hu Jianmin and Mr. Tang Zhi-hong resigned as members of the Nomination Committee, and Mr. Shen Tong, Ms. Niu Xiang-chun and Mr. Gao Yi-bin were appointed as members of the Nomination Committee. As of 31 December 2024, the members of the Nomination Committee included Mr. Cao Zhi-an, Mr. Shen Tong, Mr. He Yu, Mr. Pan Qi-long, Ms. Niu Xiang-chun and Mr. Gao Yi-bin; and two thirds of the members of the Nomination Committee were independent non-executive directors, Chairman of the Company, Mr. Cao Zhi-an being the chairman of the Committee.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

The Nomination Committee is committed to identifying, reviewing and screening the candidates of the director and senior management of the Company, and making recommendations to the Board after a strict consideration on various factors, such as qualification, work experience and operation capability. The Nomination Committee recognizes that diversity in Board members would be beneficial to the improvement of performance of the Company. The composition of the Board has been based on a range of diversified perspectives, including but not limited to gender, age, educational background, professional experience, knowledge and skills.

In 2024, the Nomination Committee convened two meetings and accomplished the following key tasks:

No.	Summary of Work
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1	Nominating executive directors and independent non-executive directors of the Company
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2	Nominating senior vice president of the Company
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### Remuneration Committee

The main responsibilities of the Remuneration Committee are: to research into the remuneration system and policies of the Company and to make recommendations on the remuneration of the Directors and Senior Management to the Board.

Prior to 12 November 2024, the members of the Remuneration Committee were Mr. He Yu, Mr. Hu Jianmin, Mr. Tang Zhi-hong and Mr. Pan Qi-long, all of whom are independent non-executive Directors, and Mr. He Yu, an independent non-executive director, being the chairman of the Committee. Mr. Hu Jianmin and Mr. Tang Zhi-hong resigned as members of the Remuneration Committee and Ms. Niu Xiang-chun and Mr. Gao Yi-bin were appointed as members of the Remuneration Committee on 12 November 2024. As of 31 December 2024, the members of the Remuneration Committee included Mr. He Yu, Mr. Pan Qi-long, Ms. Niu Xiang-chun and Mr. Gao Yi-bin; and all the members of the Remuneration Committee were independent non-executive directors, the independent non-executive director, Mr. He Yu being the chairman of the Committee.

In 2024, the Remuneration Committee convened a total of 3 meetings and accomplished the following key tasks:

No.	Summary of Work
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1	Considering the implementation of remunerations for heads of subsidiaries for 2023
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2	Considering the implementation of the Company's H share appreciation rights incentive plan
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3	Considering the assessment and the implementation of remunerations for the head of the Company for 2023
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## CORPORATE GOVERNANCE REPORT (CONTINUED)

### Audit Committee

The main responsibilities of the Audit Committee are: to monitor the Company's compliance with accounting standards and rules of stock exchanges, to review and supervise the internal control and risk management of the Company, to audit interim and annual results of the Company, and to discuss any issues with the auditors.

Prior to 12 November 2024, the members of the Audit Committee were Mr. Tang Zhi-hong, Mr. He Yu, Mr. Hu Jianmin, and Mr. Pan Qi-long, all of whom are independent non-executive Directors, and Mr. Tang Zhi-hong, an independent non-executive director, being the chairman of the Committee. Mr. Tang Zhi-hong resigned as the chairman of the Audit Committee, Mr. Hu Jianmin resigned as a member of the Audit Committee, Mr. Gao Yi-bin was appointed as the chairman of the Audit Committee and Ms. Niu Xiang-chun was appointed as a member of the Audit Committee on 12 November 2024. As of 31 December 2024, the members of the Audit Committee included Mr. Gao Yi-bin, Mr. He Yu, Mr. Pan Qi-long and Ms. Niu Xiang-chun; and all the members of the Audit Committee were independent non-executive directors, the independent non-executive director, Mr. Gao Yi-bin being the chairman of the Committee.

In 2024, the Audit Committee convened a total of 5 meetings and accomplished the following key tasks:

No.	Summary of Work
1	Considering the budget of the Company for 2024
2	Considering the Annual Report of the Company for 2023
3	Considering the Company's profit distribution plan for 2023
4	Considering the renewal of appointing the 2024 accounting firm by the Company
5	Considering the Company's self-assessment report of 2023 on internal control and risk management
6	Considering the summary of the Company's audit work for 2023 and the audit work plan for 2024
7	Considering the Company's Interim Results Report of 2024
8	Considering the Company and its subsidiaries' loan matters
9	Considering the matters in relevant Connected Transactions
10	Considering the risk management work of the Company

The Audit Committee has reviewed the financial statements included in the 2024 Annual Report, confirmed that these financial statements were prepared in accordance with China Accounting Standards and fairly presented the financial positions and results of the Company for the year ended 31 December 2024.



# CORPORATE GOVERNANCE REPORT (CONTINUED)

## Strategy Development Committee

The main responsibilities of the Strategy Development Committee are: to conduct research on the Company's strategic development plans, governance policies, significant investment and financing plans that require the approval of the Board, capital operation and asset operation, and to advise and make recommendations on the above matters.

Prior to 12 November 2024, the members of the Strategy Development Committee were Mr. Huang Wei, Mr. He Yu, Mr. Hu Jianmin, Mr. Tang Zhi-hong and Mr. Pan Qi-long, and Mr. Huang Wei, an executive director, being the chairman of the Committee. Mr. Hu Jianmin and Mr. Tang Zhi-hong resigned as members of the Strategy Development Committee, and Ms. Niu Xiang-chun and Mr. Gao Yi-bin were appointed as members of the Strategy Development Committee on 12 November 2024. As of 31 December 2024, the members of the Strategy Development Committee included Mr. Huang Wei, Mr. He Yu, Mr. Pan Qi-long, Ms. Niu Xiang-chun and Mr. Gao Yi-bin, and Mr. Huang Wei, an executive director, being the chairman of the Committee.

In 2024, the Strategy Development Committee held a total of 6 meetings and accomplished the following key tasks:

No.	Summary of Work
1	Considering the Company's investment plan
2	Considering the Company and its subsidiaries' investment matters
3	Considering the 2023 Corporate Governance Report of the Company
4	Considering the Company's related management system
5	Considering the organizational restructuring of the Company's headquarters

The Strategy Development Committee has confirmed that: the Company strived to maintain corporate governance of high standard and believed that quality governance is a key to long-term success and sustainable development of the Company's business. In 2024, the Company fully complied with the provisions in the Corporate Governance Code contained in Appendix C1 of the Listing Rules of the Stock Exchange of Hong Kong and, when appropriate, adopted the recommended best practices as specified therein. On 20 March 2024, Mr. Zhang Ying-jian resigned as an executive director due to a change in position, so the number of the Board members is below the quorum as required under the Articles of Association of the Company during the period up to 12 November 2024.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

### DIVERSITY

The Company has fully complies with the requirements set out in the Listing Rules regarding the diversity of Board members. The Nomination Committee regularly reviews the structure, size and composition of the Board of the Company (including skills, knowledge and experience in terms of various aspects such as education level, working experience, business capability), proposes to the Board the relevant adjustments in line with the Company's strategy, and takes into account a number of aspects in designing the Board's composition. The Company appointed a female director on 12 November 2024, achieving the gender diversity for members of the Board. Meanwhile, the Board members have achieved diversity in age, educational background, professional experience, knowledge and skills.

On the basis of legal employment, the Company follows the principle of fairness and justice in the recruitment and follow-up development of employees, treats all employees equally, and does not discriminate against employees based on gender, race, ethnicity, age, and disability. The number of female employees in the Company accounts for about 15% of the total number of employees.

### AUDITORS AND THEIR REMUNERATION

In 2024, the audit business remuneration of Da Hua Certified Public Accountants (special general partnership), the auditor of the Company, was RMB2.2 million. Save for that, Da Hua Certified Public Accountants carried out the net asset audit at the end of June 2024 of Harbin Electric Group Biomass Fuel (Fuyuan) Co., Ltd. (a subsidiary of the Company) during the year, with a remuneration of RMB15,000, and translated and issued an English report on the audit report of HE Suzhou Douson Valve Company Limited (a subsidiary of the Company) issued in 2023, with a remuneration of RMB5,000.

Da Hua Certified Public Accountants (special general partnership), together with the Audit Committee of the Board have reviewed the financial statements included in the 2024 Annual Report and been convinced that the financial statements were prepared in accordance with the PRC Accounting Standards and fairly presented the financial positions and performance of the Company for the year ended 31 December 2024.

Da Hua Certified Public Accountants (special general partnership) has been the auditor of the annual financial statements of the Company for 6 consecutive years. Considering the actual situation of the Company and from a business perspective, the Board proposed to the general meeting to appoint ShineWing Certified Public Accountants LLP as the auditor of the financial statements of the Company in 2025, with an audit fee of RMB2.2 million. There was no disagreement between the Company and Da Hua Certified Public Accountants (special general partnership).

### COMPANY SECRETARY

In 2024, Mr. Ai Li-song was appointed as the Company Secretary of the Company, and Mr. Tung Tat Chiu, Michael, Joint Secretary of the Company, will assist Mr. Ai Li-song to carry out the duties as the Company Secretary. In 2024, Mr. Ai Li-song participated in no less than 15 hours of professional training.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

### SHAREHOLDERS RIGHTS

Pursuant to the Articles of Association, upon the requisition in writing of holders of 10% or more shares issued by the Company with voting rights, the Board shall convene an interim general meeting within two months. When the Company convenes an annual general meeting, shareholders holding 3% or more of the total shares carrying the voting right of the Company are entitled to propose new proposals to the Company in writing. The Company shall include in the agenda of that meeting those matters contained in the proposal that fall within scope of the responsibility of the general meeting.

When shareholders request to convene an interim general meeting or class meeting of shareholders, the following procedures shall be followed:

- (1) Two or more shareholders who hold more than 10% (including 10%) of the shares in total with voting rights at the meeting to be held may sign one or more written request in the same format, and submit to the Board of Directors to convene interim general meeting or class meeting of shareholders and clarify the issue of the meeting. The Board of Directors shall convene an interim general meeting or a class meeting in time after receiving the above written request.
- (2) If the Board fails to issue a notice of convening the meeting within 30 days after receiving the above written request, the shareholders who put forward the request may convene the meeting by themselves within 4 months after the Board receives the request.

The Company safeguards interests of the shareholders, treats all shareholders equally, and initiates active participation of shareholders in corporate governance. As the stakeholders of the Company, shareholders enjoy the rights provided by laws and regulations and undertake commensurate obligations. Shareholders enjoy rights to information and rights to decision-making in respect of the Company's important matters. Shareholders may put forward their enquiries on any relevant matters to the Board. The Board shall provide sufficient information to enable these enquiries to be properly directed.

Shareholders can contact the Company via various channels, such as telephone, fax and e-mail. The recommendations of shareholders can be smoothly fed back to the Board of the Company. The copies of the minutes of general meeting are available for inspection during the business hours of the Company free of charge. Shareholders of the Company can request a copy of the minutes, and the Company will send out the copy within 7 days after collection of reasonable charges.

The controlling shareholder of the Company is Harbin Electric Corporation, a state-owned company registered in the People's Republic of China.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

### INFORMATION DISCLOSURE AND MANAGEMENT OF INVESTOR RELATIONS

The Company continuously enhances its information disclosure management and promotes its investor relations management. The Company discloses information on an open, fair, true, accurate, complete and timely ground and strictly follows the related disclosure requirements of relevant laws and regulations, the Listing Rules and the Articles of Association of the Company. In our effort to enhancing the management of investor relations, the Company issues its Interim Reports and Annual Reports and discloses matters such as change of directors, supervisors and senior management, connected transaction and other important information in a timely manner, enhancing the transparency of the Company.

In 2024, the Company through spot meeting and teleconference communicated, with a view to updating the investors' information on the Company's latest development and prospects, and in turn strengthening the relationship with the investors.

The office of the Board of the Company is responsible for the information disclosure and investor relations management. The Company strictly performs its duties, and continuously enhances its corporate governance structure so as to improve its management standard by strictly following the requirements of relevant laws and regulations of local and overseas securities regulatory organizations.

### RISK MANAGEMENT AND INTERNAL CONTROL

The Audit Committee of the Board of the Company is responsible for assessing and determining the nature and extent of risk which the Company is willing to accept in reaching its strategic goals, as well as ensuring that the Company establishes and maintains an appropriate and effective risk management and internal control system. The Board of Directors monitors and supervises the management in the design, implementation and supervision of the risk management and internal control system, while the management provides confirmation to the Board of Directors as to whether such system is effective.

The Company has a comprehensive risk management and internal control system in place, where the Board of Directors is responsible for the risk management and internal control system, and fully implements the relevant requirements of the Internal Control Guideline and continues to optimize the internal control system and self-assessments and continuous improvements. Through incentive measures and the guidance of corporate culture, the complete internal control system of the Company and its effective implementation are ensured.

The Company monitors and supervises the disclosure of financial information by the Company, as well as operations and internal control activities regularly or where necessary, so as to ensure the transparency of information disclosure and effectiveness of its risk management and internal control mechanism.

In 2024, the Company has reviewed the risk management and internal control system as well as risks and has completed its self-assessment report on internal control and risk management and then approved by the Audit Committee of the Board.

The Board of Directors and the Audit Committee confirm that: as of 31 December 2024, the risk management and internal control system has operated effectively; the Company has adopted effective monitoring mechanism to rectify the issues in time; and the Company has properly complied with the provisions on the risk management and internal control system in the Corporate Governance Code.

# AUDITORS' REPORT

In addition to the special note, the unit of amount is CNY

D.H.S.Z.[2025] 0011020132

**All shareholders of Harbin Electric Co., Ltd :**

## I. OPINION

We have audited the attached financial statements of Harbin Electric Co., Ltd (hereinafter referred to as the "Company"), which comprise the consolidated balance sheet and the parent company's balance sheet as at December 31, 2024, the consolidated income statement and the parent company's income statement, the consolidated statement of cash flows and the parent company's statement of cash flows, and the consolidated statement of changes in shareholders' equity and the parent company's statement of changes in shareholders' equity for the year then ended, as well as notes to the relevant financial statements.

In our opinion, the financial statements attached are prepared in accordance with Accounting Standards for Business Enterprises and present fairly, in all material respects, the consolidated financial position of the Company and the parent company's financial position as at December 31, 2024 and the consolidated operating results and the parent company's operating results and cash flows for the year then ended.

## II. BASIS FOR OUR OPINION

We conducted our audit in accordance with the Auditing Standards for Certified Public Accountants of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. According to the Code of Ethics for Chinese CPA, we are independent of the Company and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## III. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We determine to communicate the following key audit matters in the auditors' report.

We have determined that the following matters are key audit matters that need to be communicated in the audit report.

- (I) Revenue recognition
- (II) Impairment of receivables

## AUDITORS' REPORT (CONTINUED)

In addition to the special note, the unit of amount is CNY

### (I) Revenue recognition

#### 1. Description of the matter

Please refer to Note 4 (29) and Note 8 Note 50 of the financial statements, Harbin Electric recognized an operating income of RMB38,297,845,647.30 in 2024. Harbin Electric recognizes revenue according to the performance period and performance time point respectively. The completeness and accuracy of revenue recognition has a significant impact on Harbin Electric's operating results. At the same time, the recognition of revenue according to the performance period involves significant judgment and estimation by the management, which may affect whether Harbin Electric recognizes revenue in the appropriate accounting period according to the performance period. As a result, we have identified the relevant revenue recognition as a key audit matter.

#### 2. Audit response

The key audit procedures we have implemented for Harbin Electric's revenue recognition include:

- (1) Understand and evaluate the design rationality of relevant internal controls, and test the effectiveness of the implementation of key controls.
- (2) Inspect and review the content of relevant material contracts and key contract clauses in accordance with revenue recognition accounting policies.
- (3) Sampling and checking the contract and cost budget information on which the management is based on the projected total revenue and estimated total cost, and evaluating whether the estimates made by the management are reasonable and sufficient.
- (4) Sampling inspection of sales contracts, invoices, transport bills, progress confirmation forms and other supporting materials, to evaluate the authenticity and accuracy of the actual costs incurred.
- (5) Sample inspection of business documents such as contracts, invoices, warehousing lists, etc., to verify the reasonableness and completeness of revenue recognition at the time of performance.
- (6) Sample review the project completion schedule to check the accuracy of relevant revenue recognition.

Based on the audit work performed, we believe that management's judgments and estimates regarding revenue recognition are reasonable.

## AUDITORS' REPORT (CONTINUED)

In addition to the special note, the unit of amount is CNY

### (II) Impairment of receivables

#### 1. Description of the matter

As mentioned in notes 4 (11) and notes 8 to note 4 (11) and note 8 to the financial statements, as of December 31, 2024, the total balance of notes receivable, accounts receivable, and other receivables of Harbin Electric was RMB13,914,731,567.51, and the total provision for bad debts was RMB4,278,507,622.87. Since the determination of the recoverability of receivables requires management to identify the items and objective evidence that have been impaired, evaluate the expected future available cash flows and determine their present value, it involves the management to use significant accounting estimates and judgments, and the recoverability of receivables is material to the financial statements. Therefore, we identify the impairment of receivables as a key audit matter.

#### 2. Audit response

Important audit procedures for impairment of receivables include:

- (1) Understand, evaluate and test the design and operation effectiveness of internal controls related to the daily management and recoverability assessment of receivables, such as customer credit risk assessment and receivables recovery process.
- (2) Review management's judgment and estimation in assessing the recoverability of receivables, and pay attention to whether management has adequately identified items that have been impaired.
- (3) Spot checks were carried out on the receivables with a single significant amount and for which the provision for bad debts had been separately made to verify the reasonableness of the timing and amount of the provision for bad debts.
- (4) The receivables of the management according to the credit risk characteristics were randomly checked to evaluate the reasonableness of the management's provision for bad debts.
- (5) assessed the appropriateness of management's accounting treatment and presentation and disclosure of impairment receivables in the financial statements for the year ended December 31, 2024.

Based on the audit work performed, we believe that management's judgment and estimate of impairment of receivables are reasonable.



## AUDITORS' REPORT (CONTINUED)

In addition to the special note, the unit of amount is CNY

### IV. OTHER INFORMATION

The Management of the Company is responsible for other information. The other information comprises information of the 2024 annual report, but excludes the financial statements and our auditors' report.

Our opinion on the financial statements does not cover the other information, and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. In this regard, we have nothing to report.

### V. RESPONSIBILITIES OF THE MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The Management of the Company is responsible for preparing the financial statements in accordance with the requirements of Accounting Standards for Business Enterprises to achieve a fair presentation, and for designing, implementing and maintaining internal control that is necessary to ensure that the financial statements are free from material misstatements, whether due to frauds or errors.

In preparing the financial statements, the Management is responsible for assessing the going-concern ability of the Company, disclosing the matters related to going concern (if applicable) and using the going-concern assumption unless the Management either intends to carry out the liquidation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## AUDITORS' REPORT (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the audit standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

During the process of an audit conducted in accordance with audit standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (3) Evaluate the appropriateness of accounting policies used by and the reasonableness of accounting estimates and related disclosures made by the management.
- (4) Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cause significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to, in our auditors' report, draw attention of the users of statements to the related disclosures in the financial statements; if such disclosures are inadequate, we should modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (5) Evaluate the financial statements' overall presentation (including disclosure), structure and contents, and whether the financial statements fairly represent the underlying transactions and events.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit, and bear full responsibility for our audit opinion.

We communicate with those charged with governance regarding the planned scope and timing of the audit, significant audit findings and other matters, including any significant deficiencies in internal control that we identify during our audit.

## AUDITORS' REPORT (CONTINUED)

In addition to the special note, the unit of amount is CNY

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them in regard to all relationships and other matters that may reasonably be thought to affect our independence, and related safeguards (if applicable).

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Da Hua Certified Public Accountants**  
*(Special General Partnership)*

**CPA of China: Lifei Wang**

**CPA of China : Xiangfan Li**

Beijing, China  
March 26, 2025

# CONSOLIDATED BALANCE SHEET

As at 31 December 2024

The currency of the statements are CNY

Item	Note 8	Closing Balance	Opening Balance
<b>Current assets:</b>			
Cash and bank	1	16,048,827,239.42	18,677,316,557.23
△Settlement reserve			
△Placements with banks and other financial institutions			
Held for trading financial assets	2	2,000,000.00	603,149,819.44
☆Financial assets at fair value through profit and loss			
Derivative financial assets			
Notes receivable	3	1,176,243,029.41	975,331,805.68
Accounts receivable	4	5,154,322,130.03	7,161,224,594.18
Receivables financing	5	12,182,047.12	10,194,291.30
Prepayments	6	8,654,036,152.62	8,015,031,909.43
△Premiums receivable			
△Reinsurance receivables			
△Provision of cession receivable			
Funds receivable centrally managed			
Other receivables	7	1,127,949,613.15	1,333,103,510.85
Including: dividends receivable		4,681,732.00	260,014.64
△Financial assets purchased under agreements to resell	8	585,000,000.00	1,755,000,000.00
Inventories	9	14,581,779,526.11	10,976,748,415.55
Including: Raw material		4,489,029,408.80	3,645,603,552.75
Finished goods		149,992,863.30	137,250,395.45
Contract assets	10	9,879,012,182.45	7,736,963,131.45
Assets held for sale			
Non-current assets due within one year	11	388,621,352.19	337,633,475.40
Other current assets	12	2,598,821,957.53	3,044,888,178.25
<b>Total current assets</b>		<b>60,208,795,230.03</b>	<b>60,626,585,688.76</b>

## CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 31 December 2024

The currency of the statements are CNY

Item	Note 8	Closing Balance	Opening Balance
<b>Non-current assets:</b>			
△ Loans and advances to customers			
Debt investments			
☆ Available-for-sale financial investments			
Other debt investments	13	310,836,000.00	299,639,400.00
☆ Held-to-maturity investments			
Long-term receivables	14	440,694,572.78	554,310,723.29
Long-term equity investments	15	889,675,508.19	856,602,278.38
Other equity instrument investments	16	702,075,378.54	677,013,691.76
Other non-current financial assets			
Investment properties	17	211,509,903.78	161,372,063.62
Fixed assets	18	5,418,092,753.77	4,995,478,509.62
Including: Original price of fixed assets		15,109,394,207.01	14,373,767,739.57
Accumulated depreciation		9,607,214,427.55	9,330,672,843.67
Impairment of fixed assets		84,178,861.82	47,708,685.42
Construction in progress	19	1,273,841,923.69	652,740,245.51
Productive biological assets			
Oil and gas assets			
Right-of-use assets		14,101,369.55	12,392,431.86
Intangible assets	20	959,594,909.77	937,852,963.06
Development expenditure	21	72,971,700.57	132,539,393.71
Goodwill	22	9,087,591.69	34,516,403.61
Long-term deferred expenses	23	17,175,078.23	4,444,917.10
Deferred tax assets	24	603,821,319.51	625,356,125.13
Other non-current assets	25	813,881,914.07	726,109,437.30
Including: Specially approved reserving materials			
<b>Total non-current assets</b>		<b>11,737,359,924.14</b>	<b>10,670,368,583.95</b>
<b>Total assets</b>		<b>71,946,155,154.17</b>	<b>71,296,954,272.71</b>

## CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 31 December 2024

The currency of the statements are CNY

Item	Note 8	Closing Balance	Opening Balance
<b>Current liabilities:</b>			
Short term loans	26	4,481,698,651.76	3,285,133,158.88
△ loans from central bank			
△ Deposit funds			
Held for trading financial liabilities			
☆ Financial liabilities at fair value through profit and loss			
Financial Derivative liabilities			
Notes payable	27	2,341,448,365.28	6,146,285,172.11
Accounts payable	28	16,569,328,453.81	16,202,261,315.59
Advances from customers	29	7,175,123.84	5,828,487.77
Contract Liabilities	30	26,481,644,744.09	23,127,922,261.64
△ Sale of repurchase financial assets			
△ Absorption of deposits and interbank deposits	31	727,588,443.98	1,149,795,320.33
△ Dealing in securities			
△ Underwriting of securities			
Payroll and employee benefits payable	32	962,479,143.31	803,131,335.59
Including: Salaries payable		589,206,620.00	435,130,258.92
Welfare payable		3,290.00	
Among in : Employee bonus and welfare fund			
Taxes payable	33	626,360,758.54	522,750,044.00
Including: Taxes payable		603,090,416.40	495,440,387.78
Other payables	34	462,897,601.30	499,208,747.36
Including: dividends payables		2,773,883.08	2,773,165.24
△ Handling fees and commissions payable			
△ Payable for reinsurance			
Liabilities held for sale			
Non-current liabilities due within one year	35	381,970,747.45	1,114,672,500.76
Other current liabilities	36	149,804,765.63	12,381,749.42
<b>Total current liabilities</b>		<b>53,192,396,798.99</b>	<b>52,869,370,093.45</b>

## CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 31 December 2024

The currency of the statements are CNY

Item	Note 8	Closing Balance	Opening Balance
<b>Non-current liabilities:</b>			
△ Insurance contract reserve			
Long-term loans	37	810,487,077.31	1,747,981,728.52
Bonds payable			
Including: Preferred stock			
Perpetual bond			
Lease liabilities	38	8,944,355.89	11,007,012.24
Long-term payables	39	21,448,357.35	51,708,704.04
Long-term employee benefits payable	40	279,889,194.63	319,894,911.90
Accrued liabilities	41	1,165,215,245.78	1,436,167,546.71
Deferred income	42	175,116,522.09	179,966,632.50
Deferred tax liabilities		9,765,881.47	6,576,303.68
Other non-current liabilities	43	93,030,491.94	86,485,747.09
Including: Specially approved reserving materials			
<b>Total non-current liabilities</b>		<b>2,563,897,126.46</b>	<b>3,839,788,586.68</b>
<b>Total liabilities</b>		<b>55,756,293,925.45</b>	<b>56,709,158,680.13</b>



## CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 31 December 2024

The currency of the statements are CNY

Item	Note 8	Closing Balance	Opening Balance
<b>Shareholdings' Equity:</b>			
Paid-in capital(or Share capital)	44	2,236,276,000.00	2,236,276,000.00
State-owned capital			
Domestic-owned corporate capital		1,560,705,000.00	1,560,705,000.00
Collective capital			
Private capital			
Individual capital		675,571,000.00	675,571,000.00
#Less : investment returned			
Net paid-in capital(or Share capital)		2,236,276,000.00	2,236,276,000.00
Other equity instrument			
Preferred stock			
Perpetual debt			
Capital reserve	45	5,491,563,058.67	5,496,802,270.69
Less : Treasury stock			
Other comprehensive income		-102,281,657.96	-128,370,784.80
Including: Exchange differences arising from foreign currency translation		-4,130,932.99	-6,581,764.03
Special reserve	46	60,940,261.82	47,489,368.36
Surplus reserve	47	973,010,437.91	956,816,359.27
Statutory reserve		906,826,526.70	898,564,197.51
Discretionary surplus reserve		66,183,911.21	58,252,161.76
#Reserve fund			
#Enterprise expansion fund			
# Return investment by profit			
△General reserve			
Retained earnings	48	6,823,254,033.56	5,255,688,935.55
Equity attributable to owners of the parent		15,482,762,134.00	13,864,702,149.07
*Non-controlling interests		707,099,094.72	723,093,443.51
<b>Total shareholders' equity</b>		<b>16,189,861,228.72</b>	<b>14,587,795,592.58</b>
<b>Total liabilities and owners' equity</b>		<b>71,946,155,154.17</b>	<b>71,296,954,272.71</b>

(The notes to the financial statements are attached as components of the financial statements)

Note: The accounts with \* in the table are special for consolidated accounting statements; △ is for financial enterprises; # is for foreign-invested enterprises; ☆ is applicable to enterprises implementing the new income/new lease/new financial instrument standards.

Legal Representative:

Chief Accountant:

Head of Accounting:

## BALANCE SHEET

In addition to the special note, the unit of amount is CNY

Item	Note 16	Closing Balance	Opening Balance
<b>Current assets:</b>			
Cash and bank		1,345,286,397.60	2,083,906,099.24
△Settlement reserve			
△Placements with banks and other financial institutions			
Held for trading financial assets			
☆Financial assets at fair value through profit and loss			
Financial derivative assets			
Notes receivable		124,265,313.75	73,425,264.33
Accounts receivable	1	1,104,386,950.86	1,567,532,706.85
Receivables financing			
Prepayments		2,617,048,283.69	3,626,053,055.74
△Premiums receivable			
△Reinsurance receivables			
△Provision of cession receivable			
Funds receivable centrally managed			
Other receivables	2	453,517,474.83	449,584,851.07
Including: dividends receivable		2,070,202.60	1,050,000.00
△Financial assets purchased under agreements to resell			
Inventories		124,338,283.02	1,203,456,669.40
Including: Raw material			
Finished goods			
Contract assets		1,016,901,282.21	1,018,780,517.39
Assets held for sale			
Non-current assets due within one year			
Other current assets		316,232,728.42	355,551,600.21
<b>Total current assets</b>		<b>7,101,976,714.38</b>	<b>10,378,290,764.23</b>

## BALANCE SHEET (CONTINUED)

As at 31 December 2024

The currency of the statements are CNY

Item	Note 16	Closing Balance	Opening Balance
<b>Non-current assets:</b>			
△Loans and advances to customers			
Debt investments			
☆Available-for-sale financial investments			
Other debt investments			
☆Held-to-maturity investments			
Long-term receivables			
Long-term equity investments	3	9,882,406,701.40	9,757,527,131.90
Other equity instrument investments		152,000,000.00	152,000,000.00
Other non-current financial assets			
Investment properties		36,282,475.08	2,279,074.59
Fixed assets		571,454,840.95	628,020,829.66
Including: Original price of fixed assets		911,064,143.06	950,540,601.15
Accumulated depreciation		339,691,736.53	322,519,771.49
Impairment of fixed assets			
Construction in progress			2,522,123.90
Productive biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets		158,608,576.82	107,309,911.30
Development expenditure		62,445,202.72	120,358,649.71
Goodwill			
Long-term deferred expenses			
Deferred tax assets			
Other non-current assets			
Including: Specially approved reserving materials			
<b>Total non-current assets</b>		<b>10,863,197,796.97</b>	<b>10,770,017,721.06</b>
<b>Total assets</b>		<b>17,965,174,511.35</b>	<b>21,148,308,485.29</b>

## BALANCE SHEET (CONTINUED)

As at 31 December 2024

The currency of the statements are CNY

Item	Note 16	Closing Balance	Opening Balance
<b>Current liabilities:</b>			
Short term loans		1,148,730,000.00	398,730,000.00
△loans from central bank			
△Deposit funds			
Held for trading financial liabilities			
☆Financial liabilities at fair value through profit and loss			
Financial Derivative liabilities			
Notes payable		13,400,000.00	176,000,000.00
Accounts payable		3,381,144,323.66	3,835,526,951.83
Advances from customers			
Contract Liabilities		2,992,491,510.47	4,781,993,274.72
△Sale of repurchase financial assets			
△Absorption of deposits and interbank deposits			
△Dealing in securities			
△Underwriting of securities			
Payroll and employee benefits payable		173,734,159.69	174,236,556.86
Including: Salaries payable		166,951,601.84	167,321,601.84
Welfare payable			
Among in:Employee bonus and welfare fund			
Taxes payable		3,795,814.28	2,623,861.52
Including: Taxes payable		3,795,814.28	2,574,750.42
Other payables		316,233,385.80	295,650,552.99
Including: dividends payables		6,608.48	5,890.65
△Handling fees and commissions payable			
△Payable for reinsurance			
Liabilities held for sale			
Non-current liabilities due within one year		1,100,000,000.00	1,380,000,000.00
Other current liabilities		935,289.25	926,602.35
<b>Total current liabilities</b>		<b>9,130,464,483.15</b>	<b>11,045,687,800.27</b>

## BALANCE SHEET (CONTINUED)

As at 31 December 2024

The currency of the statements are CNY

Item	Note 16	Closing Balance	Opening Balance
<b>Non-current liabilities:</b>			
△Insurance contract reserve			
Long-term loans			1,100,000,000.00
Bonds payable			
Including: Preferred stock			
Perpetual bond			
Lease liabilities			
Long-term payables			
Long-term employee benefits payable		1,999,002.62	
Accrued liabilities		51,256,970.85	179,356,970.85
Deferred income		48,650,724.65	53,491,526.61
Deferred tax liabilities			
Other non-current liabilities			
Including: Specially approved reserving materials			
<b>Total non-current liabilities</b>		<b>101,906,698.12</b>	<b>1,332,848,497.46</b>
<b>Total liabilities</b>		<b>9,232,371,181.27</b>	<b>12,378,536,297.73</b>

## BALANCE SHEET (CONTINUED)

As at 31 December 2024

The currency of the statements are CNY

Item	Note 16	Closing Balance	Opening Balance
<b>Shareholdings' Equity:</b>			
Paid-in capital(or Share capital)		2,236,276,000.00	2,236,276,000.00
State-owned capital			
Domestic-owned corporate capital		1,560,705,000.00	1,560,705,000.00
Collective capital			
Private capital			
Individual capital		675,571,000.00	675,571,000.00
#Less:investment returned			
Net paid-in capital(or Share capital)		2,236,276,000.00	2,236,276,000.00
Other equity instrument			
Preferred stock			
Perpetual debt			
Capital reserve		4,796,067,100.48	4,796,067,100.48
Less: Treasury stock			
Other comprehensive income			
Including: Exchange differences arising from foreign currency translation			
Special reserve			
Surplus reserve		830,200,587.74	814,337,088.84
Statutory reserve		764,016,676.53	756,084,927.08
Discretionary surplus reserve		66,183,911.21	58,252,161.76
#Reserve fund			
#Enterprise expansion fund			
# Return investment by profit			
△General reserve			
Retained earnings		870,259,641.86	923,091,998.24
<b>Total shareholders' equity</b>		<b>8,732,803,330.08</b>	<b>8,769,772,187.56</b>
<b>Total liabilities and owners' equity</b>		<b>17,965,174,511.35</b>	<b>21,148,308,485.29</b>

Legal Representative:

Chief Accountant:

Head of Accounting:

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

The currency of the statements are CNY

Item	Note 8	Current Period	Prior Period
<b>I. Gross revenues</b>		<b>38,721,429,041.12</b>	29,250,349,896.53
Including: Revenue	49	<b>38,297,845,647.30</b>	28,840,864,267.52
△Interest income	50	<b>423,570,762.13</b>	409,448,104.81
△Premiums earned			
△Fee and commission income		<b>12,631.69</b>	37,524.20
<b>II. Total operating cost</b>		<b>37,429,998,368.70</b>	29,414,396,382.95
Including: Cost of sales	49	<b>33,500,763,087.86</b>	25,837,551,611.51
△Interest expense	50	<b>12,063,335.28</b>	15,755,333.62
△Fee and commission expense	51	<b>146,921.37</b>	200,036.62
△Surrenders			
△Net policyholders' claims			
△Net change in reserves of insurance contract			
△Policyholder dividends			
△Premiums ceded to reinsurers			
Taxes and surcharges	52	<b>221,795,309.12</b>	195,880,694.39
Selling expenses	53	<b>606,817,619.86</b>	505,697,215.34
General and administrative expenses	54	<b>1,694,494,820.53</b>	1,561,035,135.21
Research and development expenses	55	<b>1,152,045,288.08</b>	998,625,593.36
Financial expenses	56	<b>241,871,986.60</b>	299,650,762.90
Including: Interest expenses		<b>152,624,500.65</b>	200,366,923.11
Interest income		<b>22,888,024.66</b>	28,172,075.43
Exchange gain		<b>75,615,935.48</b>	72,767,678.05
Others			
Plus: other income	57	<b>261,363,295.64</b>	231,352,604.79
Investment income (losses are listed with "-")	58	<b>62,215,191.49</b>	262,098,236.48
Of which: Investment income from associates and joint ventures		<b>4,245,360.79</b>	53,259,974.55
Financial asset derecognition income measured at amortized cost			
△Exchange gains (losses are listed with "-")		<b>446,004.50</b>	3,302.09
Hedging gains on net exposure (losses are listed with "-")			
Gains from changes in fair value (losses are listed with "-")	59	<b>10,000,000.00</b>	3,149,819.44
Credit impairment losses (losses are listed with "-")	60	<b>502,003,366.01</b>	551,637,364.56
Asset impairment losses (losses are listed with "-")	61	<b>-105,445,308.73</b>	-43,301,135.02
Gains from asset disposal (losses are listed with "-")	62	<b>2,589,286.30</b>	2,908,649.88
<b>III. Operating profit("-"for loss)</b>		<b>2,024,602,507.63</b>	843,802,355.80
Add: Non-operating income	63	<b>40,150,815.22</b>	90,831,415.41
Including: Government grants		<b>242,982.85</b>	5,495,376.15
Less: Non-operating expenses	64	<b>45,366,393.76</b>	165,627,024.85



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the year ended 31 December 2024

The currency of the statements are CNY

Item	Note 8	Current Period	Prior Period
<b>IV. Profit before tax("-"for loss)</b>		<b>2,019,386,929.09</b>	769,006,746.36
Less: Income tax expense	65	<b>300,862,771.10</b>	153,623,394.73
<b>V. Net profit("-"for loss)</b>		<b>1,718,524,157.99</b>	615,383,351.63
(I) Categorized by ownership			
Net profit attributable to owners of the parent		<b>1,685,571,289.41</b>	574,760,038.85
*Net profit attributable to non-controlling interests		<b>32,952,868.58</b>	40,623,312.78
(II) Categorized by operation continuity			
Net profit from continuing operations		<b>1,718,524,157.99</b>	631,737,479.00
Net profit from discontinued operations			-16,354,127.37
<b>VI. Other comprehensive income, net of tax</b>		<b>28,115,974.82</b>	-173,536,642.24
Other comprehensive income attributable to owners of the parent, net of tax	66	<b>26,089,126.84</b>	-178,135,832.37
(I) Other comprehensive income not to be reclassified to profit or loss in subsequent periods		<b>8,707,643.77</b>	-152,718,675.23
1. Changes in remeasured defined benefit obligations			
2. Equity-accounted investees share of other comprehensive income			
3. Changes in fair value of other equity instrument investments		<b>8,707,643.77</b>	-152,718,675.23
4. Changes in fair value of enterprise's credit risk			
5. Others			
(II) Other comprehensive income to be reclassified to profit or loss in subsequent periods		<b>17,381,483.07</b>	-25,417,157.14
1. Equity-accounted investees share of other comprehensive income			
2. Changes in fair value of other debt investments		<b>10,188,906.00</b>	2,171,169.00
☆3. Changes in fair value of available-for-sale financial investments			
4. Reclassification of Financial Assets			
☆5. Reclassification of Holding to maturity investments to available-for-sale financial investments			
6. Net changes in expected credit losses of other debt investments		<b>10,304,779.15</b>	44,331,753.37
7. Cash flow hedge(Effective part of cash-flow hedge profit and losses)		<b>-5,563,033.12</b>	-68,052,988.15
8. Exchange differences arising from foreign currency translation		<b>2,450,831.04</b>	-3,867,091.36
9. Others			
*Other comprehensive income attributable to non-controlling interests, net of tax		<b>2,026,847.98</b>	4,599,190.13

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the year ended 31 December 2024

The currency of the statements are CNY

Item	Note 8	Current Period	Prior Period
<b>VII. Total comprehensive income</b>		<b>1,746,640,132.81</b>	441,846,709.39
Attributable to equity shareholders of the bank		<b>1,711,660,416.25</b>	396,624,206.48
*Attributable to non-controlling interests		<b>34,979,716.56</b>	45,222,502.91
<b>VIII. Earnings per share</b>			
Basic earnings per share		<b>0.754</b>	0.313
Diluted earnings per share		<b>0.754</b>	0.313

Legal Representative:

Chief Accountant:

Head of Accounting:

# STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024  
The currency of the statements are CNY

Item	Note 13	Current Period	Prior Period
<b>I. Gross revenues</b>		<b>5,686,524,885.98</b>	5,617,575,626.82
Including: Revenue	4	5,686,524,885.98	5,617,575,626.82
△Interest income			
△Premiums earned			
△Fee and commission income			
<b>II. Total operating cost</b>		<b>5,914,864,539.98</b>	6,012,705,435.94
Including: Cost of sales	4	5,611,634,256.76	5,604,783,010.33
△Interest expense			
△Fee and commission expense			
△Surrenders			
△Net policyholders' claims			
△Net change in reserves of insurance contract			
△Policyholder dividends			
△Premiums ceded to reinsurers			
Taxes and surcharges		6,716,816.69	10,273,448.81
Selling expenses		10,525,373.95	9,931,616.64
General and administrative expenses		215,222,596.24	256,118,884.62
Research and development expenses		22,679,366.28	61,835,666.04
Financial expenses		48,086,130.06	69,762,809.50
Including: Interest expenses		65,876,634.80	80,730,457.43
Interest income		23,681,436.10	19,768,682.37
Exchange gain		939,272.42	199,042.20
Others			
Plus: other income		4,916,996.76	6,525,192.43
Investment income (losses are listed with "-")	5	195,133,041.87	742,229,016.94
Of which: Investment income from associates and joint ventures		37,873,867.10	53,814,227.05
Financial asset derecognition income measured at amortized cost			
△Exchange gains (losses are listed with "-")			
Hedging gains on net exposure (losses are listed with "-")			
Gains from changes in fair value (losses are listed with "-")			
Credit impairment losses (losses are listed with "-")		29,443,472.43	297,140,680.12
Asset impairment losses (losses are listed with "-")		78,722,956.85	46,316,884.58
Gains from asset disposal (losses are listed with "-")			13,318,997.63
<b>III. Operating profit("-"for loss)</b>		<b>79,876,813.91</b>	710,400,962.58
Add: Non-operating income			724,837.59
Including: Government grants			
Less: Non-operating expenses		54,113.82	128,100,000.00

## STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the year ended 31 December 2024

The currency of the statements are CNY

Item	Note 13	Current Period	Prior Period
<b>IV. Profit before tax("-"for loss)</b>		<b>79,822,700.09</b>	583,025,800.17
Less: Income tax expense		505,205.57	504,182.59
<b>V. Net profit("-"for loss)</b>		<b>79,317,494.52</b>	582,521,617.58
Net profit from continuing operations		79,317,494.52	582,521,617.58
Net profit from discontinued operations			
<b>VI. Other comprehensive income, net of tax</b>		<b>—</b>	—
(I) Other comprehensive income not to be reclassified to profit or loss in subsequent periods		—	—
1. Changes in remeasured defined benefit obligations			
2. Equity-accounted investees share of other comprehensive income			
3. Changes in fair value of other equity instrument investments			
4. Changes in fair value of enterprise's credit risk			
5. Others			
(II) Other comprehensive income to be reclassified to profit or loss in subsequent periods		—	—
1. Equity-accounted investees share of other comprehensive income			
2. Changes in fair value of other debt investments			
☆3. Changes in fair value of available-for-sale financial investments			
4. Reclassification of Financial Assets			
☆5. Reclassification of Holding to maturity investments to available-for-sale financial investments			
6. Net changes in expected credit losses of other debt investments			
7. Cash flow hedge(Effective part of cash-flow hedge profit and losses)			
8. Exchange differences arising from foreign currency translation			
9. Others			
<b>VII. Total comprehensive income</b>		<b>79,317,494.52</b>	582,521,617.58
<b>VIII. Earnings per share</b>			
Basic earnings per share		0.04	0.31
Diluted earnings per share		0.04	0.31

Legal Representative:

Chief Accountant:

Head of Accounting:

# CONSOLIDATED STATEMENT OF CASH FLOW STATEMENT

For the year ended 31 December 2024

The currency of the statements are CNY

Item	Note 8	Current Period	Prior Period
<b>I. Cash flows from operating activities</b>			
Cash received from sale of goods and rendering of services		44,891,302,645.70	39,887,533,756.72
△Net increase in deposits from customers and due from banks and other financial institutions		-422,206,876.35	510,152,132.40
△Net increase in borrowings from central bank			
△Net increase in loans from other financial institutions			
△Cash received from receiving insurance premiums of original insurance contracts			
△Net cash received from reinsurance business			
△Net increase in deposits and investments from policyholders			
△Net increase in disposal of financial assets at fair value through profit and loss			
△Cash received from interest, fees and commission		423,583,292.89	296,867,012.64
△Net increase in placements from banks and other financial institutions			
△Net increase in repurchase business funds			
△Net Cash Received from Agent Trading of Securities		1,200,000,000.00	-600,000,000.00
Refunds of taxes and surcharges		255,334,801.05	161,639,194.50
Cash received from other operating activities		2,047,396,975.01	1,648,565,774.61
<b>Sub-total of cash inflows from operating activities</b>		<b>48,395,410,838.30</b>	<b>41,904,757,870.87</b>
Cash paid for goods purchased and services received		41,378,298,999.66	31,189,623,929.69
△Net increase in loans and advances to customers			-518,889,051.05
△Net increase in deposits with central bank and with banks and other financial institutions		-392,525,402.03	2,771,953,496.64
△Cash paid for original insurance contract claims			
△Net increase in disbursed funds			
△Cash paid for interests, handling charges and commissions		12,283,968.56	11,367,222.29
△Cash paid for policy dividends			
Cash paid to and on behalf of employees		2,969,881,912.00	2,619,079,320.43
Cash paid for taxes and surcharges		1,384,269,124.48	1,420,323,792.14
Cash paid for other operating activities		3,285,171,110.78	2,127,096,645.92
<b>Sub-total of cash outflows from operating activities</b>		<b>48,637,379,713.45</b>	<b>39,620,555,356.06</b>
<b>Net cash flows from operating activities</b>		<b>-241,968,875.15</b>	<b>2,284,202,514.81</b>

## CONSOLIDATED STATEMENT OF CASH FLOW STATEMENT (CONTINUED)

For the year ended 31 December 2024

The currency of the statements are CNY

Item	Note 8	Current Period	Prior Period
<b>II. Cash flows from investing activities</b>			
Cash received from withdrawal of investments		1,264,170,472.46	1,750,644,843.75
Cash received from returns on investments		24,848,296.10	28,514,768.84
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		11,520,913.68	8,995,530.76
Net cash received from disposal of subsidiaries and other business units		-1,759,925.39	20,368.02
Cash received from other investing activities		3,948,146.52	23,481,613.50
<b>Sub-total of cash inflows from investment activities</b>		<b>1,302,727,903.37</b>	<b>1,811,657,124.87</b>
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets		1,684,092,754.16	1,090,422,015.22
Cash paid for investments		664,622,385.56	2,072,671,969.74
△Net increase in pledge loans			
Net cash paid to acquire subsidiaries and other business units			95,260,751.50
Cash paid for other investing activities		26,000,000.00	261,845,172.88
<b>Sub-total of cash outflows from investing activities</b>		<b>2,374,715,139.72</b>	<b>3,520,199,909.34</b>
<b>Net cash flows from investing activities</b>		<b>-1,071,987,236.35</b>	<b>-1,708,542,784.47</b>
<b>III. Cash flows from financing activities</b>			
Cash from absorption of investments			1,714,666,520.00
Including: cash received by subsidiaries from investments by minority shareholders			
Cash received from borrowings		1,133,331,746.42	2,161,647,038.55
Cash received from other financing activities		225,373,422.74	574,980,550.00
<b>Subtotal of cash inflow from financing activities</b>		<b>1,358,705,169.16</b>	<b>4,451,294,108.55</b>
Cash paid for debt repayments		1,861,286,924.58	3,684,700,015.64
Cash paid for distribution of dividends and profit or payment of interest		276,340,703.60	226,831,302.94
Including: Dividends and profits paid to minority shareholders by subsidiaries			1,500,000.00
Cash paid for other financing activities		24,510,938.07	17,884,358.43
<b>Sub-total of cash outflows from financing activities</b>		<b>2,162,138,566.25</b>	<b>3,929,415,677.01</b>
<b>Net cash flows from financing activities</b>		<b>-803,433,397.09</b>	<b>521,878,431.54</b>

## CONSOLIDATED STATEMENT OF CASH FLOW STATEMENT (CONTINUED)

For the year ended 31 December 2024

The currency of the statements are CNY

Item	Note 8	Current Period	Prior Period
IV. Effect of fluctuation in exchange rate on cash and cash equivalents		-73,089,228.57	-9,860,239.46
V. Net increase in cash and cash equivalents		-2,190,478,737.16	1,087,677,922.42
Add: Beginning balance of cash and cash equivalents		17,364,232,108.35	16,276,554,185.93
VI. Ending balance of cash and cash equivalents		15,173,753,371.19	17,364,232,108.35

Legal Representative:

Chief Accountant:

Head of Accounting:



# STATEMENT OF CASH FLOW

For the year ended 31 December 2024

The currency of the statements are CNY

Item	Note 13	Current Period	Prior Period
<b>I. Cash flows from operating activities</b>			
Cash received from sale of goods and rendering of services		4,397,790,441.60	4,624,621,688.15
△Net increase in deposits from customers and due from banks and other financial institutions			
△Net increase in borrowings from central bank			
△Net increase in loans from other financial institutions			
△Cash received from receiving insurance premiums of original insurance contracts			
△Net cash received from reinsurance business			
△Net increase in deposits and investments from policyholders			
△Net increase in disposal of financial assets at fair value through profit and loss			
△Cash received from interest, fees and commission			
△Net increase in placements from banks and other financial institutions			
△Net increase in repurchase business funds			
△Net Cash Received from Agent Trading of Securities			
Refunds of taxes and surcharges		73,347,948.40	93,193.36
Cash received from other operating activities		60,683,961.57	349,363,728.58
<b>Sub-total of cash inflows from operating activities</b>		<b>4,531,822,351.57</b>	<b>4,974,078,610.09</b>
Cash paid for goods purchased and services received		4,079,154,659.72	4,907,630,782.88
△Net increase in loans and advances to customers			
△Net increase in deposits with central bank and with banks and other financial institutions			
△Cash paid for original insurance contract claims			
△Net increase in disbursed funds			
△Cash paid for interests, handling charges and commissions			
△Cash paid for policy dividends			
Cash paid to and on behalf of employees		112,381,849.97	100,946,866.47
Cash paid for taxes and surcharges		37,111,575.44	13,124,802.37
Cash paid for other operating activities		250,811,034.82	105,215,485.58
<b>Sub-total of cash outflows from operating activities</b>		<b>4,479,459,119.95</b>	<b>5,126,917,937.30</b>
<b>Net cash flows from operating activities</b>		<b>52,363,231.62</b>	<b>-152,839,327.21</b>

## STATEMENT OF CASH FLOW (CONTINUED)

For the year ended 31 December 2024

The currency of the statements are CNY

Item	Note 13	Current Period	Prior Period
<b>II. Cash flows from investing activities</b>			
Cash received from withdrawal of investments			
Cash received from returns on investments		221,355,042.97	847,788,849.54
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			
Net cash received from disposal of subsidiaries and other business units			400,717,768.02
Cash received from other investing activities			
<b>Sub-total of cash inflows from investment activities</b>		<b>221,355,042.97</b>	<b>1,248,506,617.56</b>
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets			1,381,352.00
Cash paid for investments		200,980,412.27	1,720,759,200.00
△Net increase in pledge loans			
Net cash paid to acquire subsidiaries and other business units			
Cash paid for other investing activities			48,785,230.26
<b>Sub-total of cash outflows from investing activities</b>		<b>200,980,412.27</b>	<b>1,770,925,782.26</b>
<b>Net cash flows from investing activities</b>		<b>20,374,630.70</b>	<b>-522,419,164.70</b>
<b>III. Cash flows from financing activities</b>			
Cash from absorption of investments			1,700,000,000.00
Cash received from borrowings		750,000,000.00	
Cash received from other financing activities		1,025.54	
<b>Subtotal of cash inflow from financing activities</b>		<b>750,001,025.54</b>	<b>1,700,000,000.00</b>
Cash paid for debt repayments		1,380,000,000.00	
Cash paid for distribution of dividends and profit or payment of interest		181,364,531.11	91,580,368.80
Cash paid for other financing activities			
<b>Sub-total of cash outflows from financing activities</b>		<b>1,561,364,531.11</b>	<b>91,580,368.80</b>
<b>Net cash flows from financing activities</b>		<b>-811,363,505.57</b>	<b>1,608,419,631.20</b>

## STATEMENT OF CASH FLOW (CONTINUED)

For the year ended 31 December 2024

The currency of the statements are CNY

Item	Note 13	Current Period	Prior Period
<b>IV. Effect of fluctuation in exchange rate on cash and cash equivalents</b>		<b>5,941.61</b>	738.67
<b>V. Net increase in cash and cash equivalents</b>		<b>-738,619,701.64</b>	933,161,877.96
Add: Beginning balance of cash and cash equivalents		<b>2,083,906,099.24</b>	1,150,744,221.28
<b>VI. Ending balance of cash and cash equivalents</b>		<b>1,345,286,397.60</b>	2,083,906,099.24

Legal Representative:

Chief Accountant:

Head of Accounting:

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024  
The currency of the statements are CNY

Item	Note 8	Current Period													
		Equity attributable to parent company													
		Paid-in capital (or Share capital)	Other equity instruments		Less: Treasury stock		Other comprehensive income	Special reserves	Surplus reserves	Δ General reserves	Retained earnings	Subtotal	Non-controlling interests	Total owners' equity	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
Column															
I. Balance as at December 31, 2023		2,226,276,000.00													
Add: Adjustments for changes in accounting policies															
Corrections of prior period errors															
Others															
II. Balance as at January 1, 2024		2,226,276,000.00													
III. Increases/decreases in 2024 ("+" for decreases)															
(I) Total comprehensive income															
(II) Capital contributed or reduced by owners															
1. Common shares contributed by shareholders															
2. Capital contributed by the holders of other equity instruments															
3. Amounts of share-based payments recognized in owners' equity															
4. Others															
(III) Special reserves															
1. Amount withdrawn in 2024															
2. Amount used in 2024															
(IV) Profit distribution															
1. Withdrawal of surplus reserves															
including Statutory reserve															
Discretionary surplus reserve															
#Reserve fund															
#Enterprise expansion fund															
#Return investment by profit															
2. Withdrawal of general reserves															
3. Profit distributed to owners (or shareholders)															
4. Others															
(V) Internal carry-forward of owners' equity															
1. Conversion of capital reserves into paid-in capital															
(or share capital)															
2. Conversion of surplus reserves into paid-in capital															
(or share capital)															
3. Surplus reserves offsetting losses															
4. Changes in setting benefit plan transfer to retained earnings															
4-5. Other comprehensive income transfer to retained earnings															
6. Others															
IV. Balance as at December 31, 2024		2,226,276,000.00													

Legal Representative:

Chief Accountant:

Head of Accounting:

For the year ended 31 December 2024  
The currency of the statements are CNY

Head of Accounting:

Chief Accountant:

Legal Representative:

## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

The currency of the statements are CNY

Item	Note 16	Current Period											
		Other equity instruments											
		Paid-in capital (or Share capital)	Preferred stock	Perpetual debt	Others	Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	△General reserves	Retained earnings	Total owners' equity
Column		1	2	3	4	5	6	7	8	9	10	11	12
I. Balance as at December 31, 2023		2,238,276,000.00				4,795,067,000.48				814,337,088.84		923,091,968.24	8,769,772,197.56
Add: Adjustments for changes in accounting policies													
Corrections of prior period errors													
Others													
II. Balance as at January 1, 2024		2,238,276,000.00				4,795,067,000.48				814,337,088.84		923,091,968.24	8,769,772,197.56
III. Increased/decreases in 2024 ("+" for increase)													
(I) Total comprehensive income													
(II) Capital contributed or reduced by owners													
1. Common shares contributed by shareholders										15,863,498.90		-52,832,355.38	-36,968,857.48
2. Capital contributed by the holders of other equity instruments												79,317,494.52	79,317,494.52
3. Amounts of share-based payments recognized in owner's equity													
4. Others													
(III) Special reserves													
1. Amount withdrawn in 2024													
2. Amount used in 2024													
(IV) Profit distribution													
1. Withdrawal of surplus reserves including Statutory reserve										15,863,498.90		-132,149,850.90	-116,286,352.00
Discretionary surplus reserve										15,863,498.90		-15,863,498.90	
#Reserve Fund										7,931,749.45		-7,931,749.45	
#Enterprise expansion fund													
#Return investment by profit													
2. Withdrawal of general reserves													
3. Profit distributed to owners (or shareholders)													
4. Others												-116,286,352.00	-116,286,352.00

STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 December 2024  
The currency of the statements are CNY

Item	Note 16	Current Period											
		Other equity instruments											
		Paid-in capital (or Share capital)	Preferred stock	Perpetual debt	Others	Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	△ General reserves	Retained earnings	Total owners' equity
(V) Internal carry-forward of owners' equity													
1. Conversion of capital reserves into paid-in capital (or share capital)													
2. Conversion of surplus reserves into paid-in capital (or share capital)													
3. Surplus reserves offsetting losses													
4. Changes in setting benefit plan transfer to retained earnings													
※5. Other comprehensive income transfer to retained earnings													
6. Others													
IV. Balance as at December 31, 2024		2,235,275,000.00				4,795,057,100.48				530,200,557.74		570,259,541.55	8,732,803,330.08

Legal Representative:

Chief Accountant:

Head of Accounting:



## STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 December 2024  
The currency of the statements are CNY

Item	Column	Current Period											
		Other equity instruments					Other						
		Note 16	Paid-in capital (or Share capital)	Preferred stock	Perpetual debt	Others	Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	ΔGeneral reserves	Retained earnings
		1	2	3	4	5	6	7	8	9	10	11	12
I. Balance as at December 31, 2022		1,706,523,000.00				3,625,820,100.48				725,622,057.70		717,417,473.61	6,775,382,631.79
Add: Adjustments for changes in accounting policies													
Corrections of prior period errors													
Others													
II. Balance as at January 1, 2023		1,706,523,000.00				3,625,820,100.48				725,622,057.70		717,417,473.61	6,775,382,631.79
III. Increases/decreases in 2023 ("+" for increases)													
(I) Total comprehensive income		529,753,000.00				1,170,247,000.00				88,715,031.14		205,674,324.63	1,994,389,555.77
(II) Capital contributed or reduced by owners		529,753,000.00				1,170,247,000.00						582,521,617.58	1,700,000,000.00
1. Common shares contributed by shareholders		529,753,000.00				1,170,247,000.00							1,700,000,000.00
2. Capital contributed by the holders of other equity instruments													
3. Amounts of share-based payments recognized in owners' equity													
4. Others													
(III) Special reserves													
1. Amount withdrawn in 2023													
2. Amount used in 2023													
(IV) Profit distribution													
1. Withdrawal of surplus reserves													
Including: Statutory reserve													
Discretionary surplus reserve													
#Reserve fund													
#Enterprise expansion fund													
#Return investment by profit													
2. Withdrawal of general reserves													
3. Profit distributed to owners (or shareholders)													
4. Others													

## STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 December 2024

The currency of the statements are CNY

Item	Note 16	Current Period							Total owners' equity
		Paid-in capital (or share capital)	Other equity instruments			Less: Treasury stock	Other comprehensive income	Special reserves	
			Preferred stock	Perpetual debt	Others	Capital reserves		Surplus reserves	
							△ General reserves		
(V) Internal carry-forward of owners' equity									
1. Conversion of capital reserves into paid-in capital (or share capital)									
2. Conversion of surplus reserves into paid-in capital (or share capital)									
3. Surplus reserves offsetting losses									
4. Changes in setting benefit plan transfer to retained earnings									
△5. Other comprehensive income transfer to retained earnings									
6. Others									
<b>IV. Balance as at December 31, 2023</b>		2,236,276,000.00				4,736,067,100.48		814,337,088.84	922,091,988.24
									8,769,772,187.56

Legal Representative:

Chief Accountant:

Head of Accounting:

# NOTES TO THE FINANCIAL STATEMENTS OF 2024

In addition to the special note, the unit of amount is CNY

## 1. COMPANY PROFILE

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

Harbin Electric Co., Ltd. (hereinafter referred to as the “Company” or “the Company”) was reorganized by the former state-owned enterprise Harbin Electric Group Co., Ltd. (hereinafter referred to as “Harbin Electric Group”) and its subsidiaries of the former Harbin Electric Factory, Harbin Boiler Factory and Harbin Steam Turbine Factory, the Company was incorporated in Harbin on October 6, 1994, and was reorganized into a joint stock limited company listed in Hong Kong with the approval of the State System Reform Commission on November 5, 1994.

The total original share capital of the Company was RMB1,189,151,000, of which Harbin Electric Group held RMB720,000,000, accounting for 60.55% of its total share capital, and RMB469,151,000 of H shares were issued overseas, accounting for 39.45% of its total share capital, and were listed and traded on the Hong Kong Stock Exchange on December 16, 1994. According to the resolution of the general meeting of shareholders and the approval of the China Securities Regulatory Commission, and with the approval of the Hong Kong Stock Exchange, the company placed a total of 93.83 million H shares in 2005, of which 85.3 million new shares and 8.53 million state-owned shares were reduced. After the completion of the H-share placing, the share capital of the Company was changed to RMB1,274,451,000. With the resolution of the 2005 Annual General Meeting of Shareholders of the Company and the approval of the China Securities Regulatory Commission Zheng Jian Guo He Zi [2007] No. 6, the Company issued an additional 112.59 million overseas listed foreign shares (H shares) in February 2007, including 102.355 million new shares, and 10.235 million shares were reduced by state-owned shareholders. According to the reply of the State-owned Assets Supervision and Administration Commission of the State Council [2006] No. 1492, the Company transferred 10.235 million shares of state-owned legal persons held by Harbin Electric Power Group to the National Council for Social Security Fund when placing H shares. On March 2, 2007, the Company received an additional share capital of RMB102,355,000.00 from overseas shareholders, and the registered capital and share capital of the Company became RMB1,376,806,000.00. Its state-owned corporate shares were 701,235,000.00 yuan, accounting for 50.93% of the total share capital, and 675,571,000.00 yuan of H shares were issued overseas, accounting for 49.07% of the total share capital. On December 1, 2017, the general meeting of shareholders passed a proposal to issue new domestic shares to Harbin Electric Group, including 329,717,000 new shares. On December 6, 2017, the company received the new share capital of RMB329,717,000.00 paid by Harbin Electric Power Group in currency, and the registered capital and share capital of the company became RMB1,706,523,000.00. Its state-owned corporate shares are 1,030,952,000.00 yuan, accounting for 60.41% of the total share capital, and 675,571,000.00 yuan of H shares are issued overseas, accounting for 39.59% of the total share capital.

# NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

## 1. COMPANY PROFILE (CONTINUED)

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

On April 12, 2023, the general meeting of shareholders passed a proposal to agree to issue new domestic shares to Harbin Electric Group, including 52,975.30 new shares. On September 20, 2023, the company received an additional share capital of RMB529,753,000.00 paid by Harbin Electric Power Group in currency, and the share capital of the company became RMB2,236,276,000.00. Its state-owned corporate shares were RMB1,560,705,000.00, accounting for 69.79% of the total share capital, and H shares were issued overseas of RMB675,571,000.00, accounting for 30.21% of the total share capital.

The company's business license registration number: 91230100127575573H

Legal representative: Cao Zhi'an

Address: No. 1399, Chuangxin 1st Road, Songbei District, Harbin City.

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

The company belongs to the generator and generator set manufacturing industry, mainly engaged in the production and sales of power generation equipment and the general contracting of power station projects.

At present, the main business segments are: large-scale thermal power, hydropower, nuclear power and their auxiliary equipment manufacturing, power station project turnkey projects, ship power units and electrical drive devices and other leading product development, design and manufacturing.

### 1.3 The name of the parent company and the headquarters of the group

The parent company of the Company is Harbin Electric Group Co., Ltd.

### 1.4 Approval of financial statements

These financial statements were approved by the Board of Directors of the Company on March 26, 2024.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

On the basis of going concern, the Company's subsidiaries are in accordance with the Accounting Standards for Business Enterprises – Basic Standards and specific Accounting Standards for Business Enterprises, the Guidelines for the Application of Accounting Standards for Business Enterprises, the Interpretation of Accounting Standards for Business Enterprises and other relevant regulations issued by the Ministry of Finance (hereinafter collectively referred to as the “Current Accounting Standards for Business Enterprises”) issued by the Ministry of Finance, as well as the Rules for the Preparation of Information Disclosure of Companies Offering Securities to the Public No. 15 – General Provisions on Financial Reporting issued by the China Securities Regulatory Commission and the Hong Kong Stock Exchange's Preparation of financial statements under the disclosure requirements of the Rules Governing the Listing of Securities and the Hong Kong Companies Ordinance.

As at 31 December 2024, the Company's current assets exceeded its current liabilities by approximately RMB6,264,398,451.04. The Company meets its day-to-day working capital needs through cash flow generated from operating activities and available financing facilities from banks and other financial institutions. The Directors of the Company consider the following sources of funds available to the Company:

The expected net cash inflows from the Company's operating activities, based on the Company's credit history, may provide access to other available sources of financing from banks and other financial institutions.

The Directors of the Company believe that the Company has sufficient resources and is in a position to meet its liabilities as they fall due and to continue to operate for a foreseeable future period of not less than 12 months after the end of this reporting period. Accordingly, the Directors of the Company consider it appropriate to prepare these consolidated financial statements on a going concern basis.

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

The financial statements prepared by the Company comply with the requirements of the Accounting Standards for Business Enterprises, and truly and completely reflect the Company's financial position, operating results, cash flow and other relevant information during the reporting period.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

### 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

#### 4.1 Accounting period

The accounting year is from January 1 to December 31 in calendar year.

#### 4.2 The base currency of accounting

The Company adopts RMB as the base currency of accounting.

#### 4.3 Accounting basis and valuation principles

The Company uses the accrual basis as the basis for accounting. The Company generally uses historical cost when measuring the accounting elements, and the Company will make special explanations for the measurement of other attributes such as replacement cost, net realizable value, present value or fair value in accordance with the provisions of the Standards.

#### 4.4 Accounting treatment of business combinations under the same control and not under the same control

*4.4.1 The terms, conditions and economic impact of various transactions in the process of enterprise merger are in line with one or more of the following conditions step by step, and multiple transactions are treated as a package transaction for accounting treatment*

- (1) These transactions are concluded at the same time or under the condition of considering each other's influence;
- (2) These transactions as a whole can achieve a complete business result;
- (3) The occurrence of one transaction depends on the occurrence of at least one other transaction;
- (4) A transaction is uneconomical when viewed alone, but it is economical when considered together with other transactions.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.4 Accounting treatment of business combinations under the same control and not under the same control (Continued)

##### 4.4.2 Business combination under common control

For assets and liabilities obtained through business combination by the combining party, they are measured at the book value of the assets and liabilities (including the goodwill formed by the acquisition of the combined party by the ultimate controller) in the consolidated financial statements of the ultimate controller on the combination date. The stock premium in capital reserves is adjusted according to the difference between the book value of net assets acquired through combination and the book value of consideration paid for the combination (or total par value of shares issued). If the stock premium in capital reserves is insufficient to cover the difference, the remaining amount will be charged against retained earnings.

If there is contingent consideration and it is necessary to confirm the estimated liabilities or assets, the difference between the estimated liabilities or assets amount and the subsequent contingent consideration settlement amount, adjust the capital reserve (capital premium or equity premium), and if the capital reserve is insufficient, adjust the retained earnings.

If the enterprise merger is finally realized through multiple transactions, which belongs to a package transaction, each transaction will be treated as a transaction to obtain control rights; If it is not a package transaction, the difference between the initial investment cost of the long-term equity investment and the book value of the long-term equity investment before the merger plus the book value of the new share payment consideration on the merger date will be adjusted to the capital reserve; If the capital reserve is insufficient to offset, the retained earnings shall be adjusted. For the equity investment held before the merger date, other comprehensive income confirmed by adopting the equity method accounting or financial instrument confirmation and measurement standard accounting will not be accounted for temporarily until the investment is disposed of on the same basis as the invested unit directly disposing of related assets or liabilities; Other changes in owner's equity except net profit and loss, other comprehensive income and profit distribution in the net assets of the investee confirmed by the equity method will not be accounted for temporarily until the investment is transferred to the current profits and losses when it is disposed of.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.4 Accounting treatment of business combinations under the same control and not under the same control (Continued)

##### 4.4.3 Business combination not under common control

The purchase date refers to the date when the company actually obtains the control right over the purchased party, that is, the date when the net assets of the purchased party or the control right of production and operation decisions are transferred to the company. At the same time, when the following conditions are met, the company generally believes that the transfer of control rights has been realized:

- (1) the business combination contract or agreement has been approved by the internal authority of the company.
- (2) If the merger of enterprises needs to be examined and approved by the relevant competent department of the state, it has been approved.
- (3) The necessary formalities for transferring property rights have been handled.
- (4) The Company has paid most of the consolidated price, and has the ability and plan to pay the remaining amount.
- (5) The Company has actually controlled the financial and business policies of the purchased party, and enjoyed corresponding benefits and assumed corresponding risks.

The acquirer, on the acquisition date, measures the assets surrendered and liabilities incurred or assumed for a business combination at their fair values. The difference between the fair value and their book value are included in the current profit or loss.

The Company recognizes the difference of the combination costs in excess of the fair value of the identifiable net assets acquired from the acquiree as goodwill. The Company includes the difference of the combination costs in short of the fair value of the identifiable net assets acquired from the acquiree in the current profit or loss.



## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.4 Accounting treatment of business combinations under the same control and not under the same control (Continued)

##### 4.4.3 Business combination not under common control (Continued)

If the business combination under different control realized step by step through multiple exchange transactions is a package transaction, each transaction will be treated as a transaction to obtain control rights; If the equity investment held before the merger date is accounted by equity method, the sum of the book value of the equity investment held before the purchase date and the new investment cost on the purchase date shall be taken as the initial investment cost of the investment; Other comprehensive income recognized by the equity investment held before the purchase date due to accounting by the equity method shall be accounted for on the same basis as the investee's direct disposal of related assets or liabilities. If the equity investment held before the merger date is accounted by the financial instrument recognition and measurement standards, the sum of the fair value of the equity investment on the merger date plus the new investment cost shall be taken as the initial investment cost on the merger date. The difference between the fair value and book value of the original held equity and the change of accumulated fair value originally included in other comprehensive income shall be transferred to the current investment income on the merger date.

##### 4.4.4 The related fees incurred for combination

The agency fee such as audit, legal service and evaluation consultation and other fees which are directly related to the above matters shall be recognized as the profit or loss in the period when the costs are incurred; the transaction costs for the equity securities issued for corporate combination shall be written-off against equity directly attributable to the deduction.

##### 4.4.5 Scope of consolidation

The scope of consolidation for the consolidated financial statements of the Company is determined based on control, including the Company and all its subsidiaries.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.4 Accounting treatment of business combinations under the same control and not under the same control (Continued)

##### 4.4.6 Procedures for consolidation

The Company prepares the consolidated financial statements based on financial statements of itself and its subsidiaries and according to other relevant information. Upon the preparation of consolidated financial statements, the Company shall take the enterprise group as a whole accounting entity, and reflects the overall financial position, operating results and cash flows of the enterprise group in accordance with relevant requirements for recognition, measurement and presentation as stated in the Accounting Standards for Business Enterprises as well as uniform accounting policies.

All the subsidiaries within the scope of consolidation for the consolidated financial statements adopt the same accounting policies and accounting periods as those of the Company. If the accounting policies or accounting periods of a subsidiary are different from those of the Company, the consolidated financial statements of the subsidiary, upon preparation, will be adjusted according to the accounting policies and accounting periods of the Company.

The consolidated financial statements offset the impact of internal transactions between the company and its subsidiaries and subsidiaries on the consolidated balance sheet to consolidated income statement, consolidated cash flow statement, consolidated statement of changes in shareholders' equity. If the view of consolidated financial statements of enterprise group is different from the recognition of the same transaction with the company or subsidiary as the accounting subject, the transaction is adjusted from the perspective of enterprise group.

The owner's equity, the net profit or loss and the comprehensive income attributable to minority shareholders of a subsidiary of the current period are presented separately under the owners' equity in the consolidated balance sheet, the net profit and the total comprehensive income in the consolidated income statement respectively. Where losses attributable to the minority shareholders of a subsidiary exceed the minority shareholders' interest entitled in the shareholders' equity of the subsidiary at the beginning of the period, the excess is allocated against the minority shareholders interest.

For subsidiaries acquired through a business combination not under the same control, their financial statements are adjusted on the basis of the fair value of the identifiable net assets on the purchase date.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.4 Accounting treatment of business combinations under the same control and not under the same control (Continued)

##### 4.4.6 Procedures for consolidation (Continued)

###### (1) Increase of subsidiaries or business

During the reporting period, where the Company acquired subsidiaries or business from the business combination under common control, the beginning balance in the consolidated balance sheet is adjusted; the revenue, expenses and profits of the newly acquired subsidiaries or business from the beginning of the period for business combination to the end of the reporting period are included in the consolidated income statement; the cash flows of the same for the aforesaid period are included in the consolidated statement of cash flows. Relevant items in the comparative financial statements of the subsidiaries are adjusted accordingly, as if the reporting entity after the business combination exists as of the time when the ultimate controller has the control.

Where control can be exercised on the investee under common control for additional investment or other reasons, adjustment is made as if all parties involved in the combination exist at the beginning of the control by the ultimate controller. Equity investments held before the control over the combined party is obtained, the related profits or losses, other comprehensive income as well as other changes in net assets recognized from the later between the date when the original equity is obtained and the date when the acquirer and the acquiree are under common control to the combination date will respectively write down the beginning retained earnings or the current profit or loss during the period for comparing financial statements.

During the reporting period, if the Company acquired subsidiaries or business from the business combination not under common control, the beginning balance in the consolidated balance sheet will not be adjusted. The revenue, expenses and profits of the newly acquired subsidiaries or business from the acquisition date to the end of the reporting period will be included in the consolidated income statement; the cash flows of the same for the aforesaid period will be included in the consolidated statement of cash flows.

Where the Company can control the investee not under common control for additional investments, it shall re-measure equity of the acquiree held before the acquisition date at the fair value of such equity on the acquisition date and include the difference between the fair value and book value in the current investment income. Where equity of the acquiree held before the acquisition date involves in other comprehensive income accounted for under equity method and other changes in owners' equity other than net profit or loss, other comprehensive income and profit distribution, the relevant other comprehensive income and other changes in owners' equity shall be transferred to the investment income in the year which the acquisition date falls in, except for other comprehensive income from changes arising from re-measurement of net liabilities or net assets of defined benefit plan by the investee.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.4 Accounting treatment of business combinations under the same control and not under the same control (Continued)

##### 4.4.6 Procedures for consolidation (Continued)

##### (2) Disposal of subsidiaries or business

##### 1) General treatment methods

During the reporting period, where the Company disposes a subsidiary or business, the revenues, expenses and profits of the subsidiary or business from the beginning period to the disposal date shall be included in the consolidated cash flow statement; cash flows of the subsidiary or the business from the beginning period to the disposal date shall be included in the consolidated cash flow statement.

When the Company loses the control over the investee due to disposal of partial equity investment or other reasons, the remaining equity investment after the disposal shall be remeasured by the Company at its fair value on the date of loss of the control. The difference of total amount of the consideration from disposal of equities plus the fair value of the remaining equities less the shares calculated at the original shareholding ratio in net assets and goodwill of the original subsidiary which are continuously calculated as of the acquisition date or combination date shall be included in the investment income of the period at the loss of control. Other comprehensive incomes associated with the equity investments of the original subsidiary, or the changes in owners' equity other than net profit or loss, other comprehensive income and profit distribution, shall be transferred into investment income of the period when control is lost, except for other comprehensive income from the change in net liability or net asset due to the investor's re-measurement of defined benefit plan.

Where the Company loses the control due to the decline in its proportion of shareholding caused by the increase of investment in subsidiaries by other investors, accounting treatment should be conducted according to the above principles.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.4 Accounting treatment of business combinations under the same control and not under the same control (Continued)

##### 4.4.6 Procedures for consolidation (Continued)

##### (2) Disposal of subsidiaries or business

##### 2) Disposal of subsidiaries by stages

If the control is lost due to disposal of the equities in subsidiaries through multiple transactions by stages, and the terms, conditions and economic impact of the transactions related to the enterprise's disposal of its investment in the subsidiaries meet one or more of the following circumstances, it usually indicates that multiple transactions should be included in a package deal and subject to accounting processing as below:

- i. The transactions are concluded at the same time or under the consideration of mutual effect;
- ii. These transactions as a whole can reach a complete business result;
- iii. The occurrence of a transaction depends on that of at least one other transactions; and/or
- iv. A single transaction is uneconomical but it is economical when considered together with other transactions.

Where various transactions of disposal of equity investments in subsidiaries until loss of the control belong to a package deal, accounting treatment shall be made by the Company on the transactions as a transaction to dispose subsidiaries and lose the control; however, the difference between each disposal cost and net asset share in the subsidiaries corresponding to each disposal of investments before loss of the control should be recognized as other comprehensive income in the consolidated financial statements and should be transferred into the current profit or loss at the loss of the control.

Where various transactions of disposal of equity investments in subsidiaries until loss of the control do not belong to a package deal, before the loss of the control, accounting treatment shall be made according to the relevant policies for partial disposal of equity investments in the subsidiary without losing control; at the loss of the control, accounting treatment shall be made according to general treatment methods for disposal of subsidiaries.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.4 Accounting treatment of business combinations under the same control and not under the same control (Continued)

##### 4.4.6 Procedures for consolidation (Continued)

###### (3) Purchase of minority equity of subsidiaries

The share premium in the capital reserves under the consolidated balance sheet will be adjusted at the difference between the long-term equity investment acquired by the Company for the purchase of minority interest and the share of net assets calculated constantly from the acquisition date (or combination date) according to the newly increased shareholding ratio. Where the share premium is insufficient to offset, retained earnings will be adjusted.

###### (4) Partial disposal of equity investments in subsidiaries without losing control

The equity premium of capital reserves in the consolidated balance sheet will be adjusted according to the difference between the disposal price obtained for partial disposal of long-term equity investments in subsidiaries in the case of not lose control and the share of net assets of subsidiaries calculated from the acquisition date or the combination date corresponding to the disposal of long-term equity investments; if the equity premium of capital reserves is insufficient, the retained earnings will be adjusted.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

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

##### 4.5.1 Classification of joint venture arrangements

Joint venture arrangements are classified into joint operation and joint venture according to factors such as the structure and legal form of the joint venture arrangement, the terms agreed in the joint venture arrangement, other relevant facts and circumstances.

Joint venture arrangements not reached through separate entities are classified as joint operations; Joint venture arrangements entered into through separate entities are usually classified as joint ventures; However, if there is conclusive evidence that any of the following conditions are met and that the joint venture arrangement meets the requirements of relevant laws and regulations, it is classified as a joint operation:

- (1) The legal form of the joint venture arrangement indicates that the joint venture party has rights and obligations to the relevant assets and liabilities in the arrangement.
- (2) The contractual terms of the joint venture arrangement stipulate that the joint venture party has rights and obligations to the relevant assets and liabilities in the arrangement.
- (3) Other relevant facts and circumstances show that the joint venture party has rights and obligations in respect of the relevant assets and liabilities in the arrangement, such as the joint venture enjoys substantially all the outputs associated with the joint arrangement and the settlement of the liabilities under the arrangement continues to depend on the support of the joint venture party.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

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

##### 4.5.2 Accounting treatment of joint venture arrangements

The Company recognizes the following items related to its share of benefits in the joint operation and conduct accounting treatment in accordance with relevant accounting standards for business enterprises:

- (1) Assets it solely holds and its share of jointly-held assets based on its percentage;
- (2) Liabilities it solely assumes and its share of jointly-assumed liabilities based on its percentage;
- (3) Revenues from sale of output enjoyed by it from the joint operation;
- (4) Revenues from sale of output from the joint operation based on its percentage; and
- (5) Separate costs and costs for the joint operation based on its percentage.

If the Company invests in or sells assets, etc. to a joint operation (except where such assets constitute a business), only the portion of the profit or loss arising from the transaction is recognized as attributable to other participants in the joint operation before the asset, etc. is sold by the joint operation to a third party. If an asset sold or sold has an asset impairment loss that complies with the provisions of Accounting Standard for Business Enterprises No. 8 – Asset Impairment, etc., the Company recognizes the loss in full.

The Company purchases assets, etc. (other than those in which such assets constitute business) from joint operations, and recognizes only the portion of the profits and losses arising from the transaction attributable to other participants in the joint operation before selling such assets, etc. to a third party. If an asset is subject to an impairment loss in accordance with the provisions of Accounting Standard for Business Enterprises No. 8 – Asset Impairment, etc., the Company recognizes such part of the loss according to the share it bears.

The Company does not enjoy joint control over the joint operation, and if the Company owns the relevant assets of the joint operation and bears the liabilities related to the joint operation, the accounting treatment shall still be carried out in accordance with the above principles, otherwise, the accounting treatment shall be carried out in accordance with the provisions of the relevant accounting standards for enterprises.



## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.6 Recognition criteria of cash and cash equivalents

For the purpose of preparing the statement of cash flows, the term “cash” refers to the cash on hand and the unrestricted deposit of the Company. The term “cash equivalents” refers to short-term (maturing within three months from the date of acquisition) and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

#### 4.7 Foreign currency transactions and translation of foreign currency statements

##### 4.7.1 Foreign currency transaction

Foreign currency transactions are translated into RMB for recording purpose at the spot exchange rate prevailing on the transaction date.

The balance of foreign currency items on the balance sheet date are measured at the spot exchange rate on the balance sheet date. The exchange difference arising therefrom shall be included in the current profit or loss, while other exchange difference arising from the special borrowings of foreign currency related to the acquired and constructed assets qualified to capitalization shall be dealt with according to the principle of borrowing capitalization. Foreign currency non-monetary items measured at historical cost are still translated using the spot exchange rate on the date of the transaction, without changing their basic currency amount.

Foreign currency non-monetary items measured at fair value are translated using the spot exchange rate on the fair value determination date, and the difference between the converted base currency amount and the original accounting currency amount is treated as a change in fair value (including exchange rate changes) and recognized as profit or loss for the period or recognized as other comprehensive income.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.7 Foreign currency transactions and translation of foreign currency statements (Continued)

##### 4.7.2. Translation of foreign currency statements

Assets and liabilities in the balance sheet are translated using the spot exchange rate at the balance sheet date; Owner's equity items, except for the "Undistributed Profit" item, are translated using the spot exchange rate at the time of incurrence. The income and expense items in the income statement are translated using the spot exchange rate on the date of the transaction. The difference in the translation of the foreign currency financial statements resulting from the above translation is recognized in other comprehensive income.

When disposing of an overseas operation, the difference in the translation of the foreign currency financial statements related to the overseas operation shown in other comprehensive income items in the balance sheet is transferred from other comprehensive income items to the profit or loss of the current period of disposal; When the proportion of equity interests held in overseas operations decreases due to the disposal of part of the equity investment or other reasons, but the control of the overseas operations is not lost, the difference in the translation of foreign currency statements related to the disposal part of the overseas operations will be attributed to the minority shareholders' interests and will not be transferred to the profit or loss of the current period. When disposing of part of the equity interests of an overseas operation as an associate or joint venture, the difference in the translation of foreign currency statements related to the overseas operation shall be transferred to the profit or loss of the current period of disposal according to the proportion of the disposal of the overseas operation.

#### 4.8 Financial instruments and financial liabilities

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

Financial assets and financial liabilities are recognized in the balance sheet when the Group becomes a party to the contractual terms of the relevant financial instruments. Except for accounts receivable that do not have a significant financing component, financial assets and financial liabilities are measured at fair value at the time of initial recognition. For financial assets or financial liabilities measured at fair value through profit or loss, the relevant transaction costs are directly recognized in the current profit or loss, and for other types of financial assets or financial liabilities, the relevant transaction costs are included in the initial recognition amount. For accounts receivable that do not have a significant financing component, the Group conducts initial measurement at the transaction price determined by the Group in accordance with its accounting policies (see Note "4. (25) Revenue Recognition Principle").

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

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

##### *4.8.2. Classification and subsequent measurement of financial assets*

###### *(1) Classification of financial assets*

At the time of initial recognition, the Group classified financial assets into different categories based on the business model under management and the contractual cash flow characteristics of financial assets: financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through profit or loss. Financial assets shall not be reclassified after initial recognition unless the Group changes its business model for managing financial assets, in which case all affected underlying financial assets are reclassified on the first day of the first reporting period following the change in business model.

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

The Group classifies financial assets that are not designated as financial assets measured at fair value through profit or loss that meet both the following criteria: the Group's business model for managing the financial asset is based on the objective of receiving contractual cash flows, and the contractual terms of the financial assets stipulate that the cash flows generated on a specific date are only payments to the principal and interest based on the outstanding principal amount.

###### 2) Financial assets at fair value through other comprehensive income

The Group classifies financial assets that are not designated at fair value through profit or loss and are not designated as financial assets at fair value through profit or loss: the Group's business model for managing the financial asset is aimed at both the receipt of contractual cash flows and the sale of the financial asset, and the contractual terms of the financial asset stipulate that the cash flow generated on a specific date is only the payment of principal and interest on the basis of the outstanding principal amount.

In addition, for investments in non-trading equity instruments, the Group may irrevocably designate them as financial assets at fair value through other comprehensive income at the time of initial recognition. The designation is made on the basis of a single investment and the underlying investment meets the definition of an equity instrument from the issuer's perspective.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

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

##### *4.8.2. Classification and subsequent measurement of financial assets (Continued)*

###### *(1) Classification of financial assets (Continued)*

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

Except for the above-mentioned financial assets measured at amortized cost and measured at fair value through other comprehensive income, the Group classifies all other financial assets as financial assets measured at fair value through profit or loss. At the time of initial recognition, if the accounting mismatch can be eliminated or significantly reduced, the Group may irrevocably designate financial assets that should have been measured at amortized cost or measured at fair value through other comprehensive income through profit or loss.

The business model of managing financial assets refers to how the Group manages financial assets to generate cash flows. The business model determines whether the source of cash flow for the financial assets under management of the Group is the receipt of cash flows from contracts, the sale of financial assets or both. The Group determines the business model for managing financial assets based on objective facts and on the basis of specific business objectives for the management of financial assets as determined by key management personnel.

The Group evaluates the contractual cash flow characteristics of financial assets to determine whether the contractual cash flows generated by the relevant financial assets on a specific date are only payments of principal and interest based on the outstanding principal amount. Principal refers to the fair value of a financial asset at the time of initial recognition, and interest includes the time value of money, the credit risk associated with the amount of principal outstanding in a given period, and other fundamental borrowing risks, costs and profits. In addition, the Group evaluates contract terms that may result in a change in the time distribution or amount of contractual cash flows of financial assets to determine whether they meet the requirements of the above-mentioned contractual cash flow characteristics.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

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

##### 4.8.2. Classification and subsequent measurement of financial assets (Continued)

###### (2) Subsequent measurement of financial assets

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

After the initial recognition, the gains or losses (including interest and dividend income) arising from the subsequent measurement of such financial assets at fair value are recognized in profit or loss for the current period, unless the financial assets are part of the hedging relationship.

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

After initial recognition, the effective interest rate method is used to measure such financial assets at amortized cost. Gains or losses arising from financial assets measured at amortized cost that are not part of any hedging relationship are recognized in profit or loss for the current period when they are derecognized, amortized under the effective interest method or when impairment is recognized.

###### 3) Financial assets at fair value through other comprehensive income

###### ① Debt investments measured at fair value through other comprehensive income

After the initial recognition, the financial assets are subsequently measured at fair value. Interest, impairment losses or gains and exchange gains and losses calculated using the effective interest rate method are recognized in profit or loss for the current period, and other gains or losses are included in other comprehensive income. When the recognition is derecognized, the accumulated gains or losses previously included in other comprehensive income are transferred from other comprehensive income and included in the profit or loss for the current period.

###### ② Investments in equity instruments at fair value through other comprehensive income

After the initial recognition, the financial assets are subsequently measured at fair value. Dividend income is included in profit or loss, and other gains or losses are included in other comprehensive income. When the recognition is derecognized, the accumulated gains or losses previously included in other comprehensive income are transferred out of other comprehensive income and included in retained earnings.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

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

##### 4.8.3. Classification and subsequent measurement of financial liabilities

The Group classifies financial liabilities into financial liabilities at fair value through profit or loss, financial guarantee contract liabilities and other financial liabilities.

##### (1) Financial liabilities at fair value through profit or loss

This category of financial liabilities includes trading financial liabilities (including derivatives that are financial liabilities) and financial liabilities designated as measured at fair value through profit or loss. After the initial recognition, the subsequent measurement of such financial liabilities at fair value is recognizable, and the gains or losses (including interest expense) arising are recognized in profit or loss for the current period, except in relation to hedge accounting.

At the time of initial recognition, in order to provide more relevant accounting information, the Group may designate financial liabilities as financial liabilities measured at fair value through profit or loss, provided that the designation satisfies one of the following conditions:

- ① Ability to eliminate or significantly reduce accounting mismatches;
- ② Conduct management and performance evaluation of the financial liability portfolio or financial assets and financial liability portfolio on the basis of fair value in accordance with the enterprise risk management or investment strategy set out in the formal written documents, and report to key management personnel on this basis within the enterprise. Once the designation has been made, it cannot be revoked.

After the initial recognition, the financial liabilities measured at fair value through profit or loss are subsequently measured at fair value, and the gains or losses (including interest expense) arising are recognized in profit or loss for the current period, except in relation to hedge accounting. For financial liabilities designated as measured at fair value through profit or loss, the change in fair value caused by changes in the Group's credit risk is included in other comprehensive income. When the relevant liabilities are derecognized, the accumulated gains or losses previously included in other comprehensive income are transferred from other comprehensive income and included in retained earnings.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

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

##### 4.8.3. Classification and subsequent measurement of financial liabilities (Continued)

###### (2) *Financial guarantee contract liabilities*

A financial guarantee contract refers to a contract that requires the Group to pay a specific amount to the contract holder who has suffered losses when the specific debtor is unable to repay the debt in accordance with the terms of the original or modified debt instrument when it is due. The liabilities of the financial guarantee contract are subsequently measured according to the amount of the loss provision determined in accordance with the principle of impairment of financial instruments and the balance of the initial recognition amount after deducting the accumulated amortization, whichever is higher.

###### (3) *Other financial liabilities*

After initial recognition, other financial liabilities are measured at amortized cost using the effective interest rate method.

###### (4) *Offset of financial assets and financial liabilities*

Financial assets and financial liabilities are presented separately in the balance sheet and are not offset against each other. However, if the following conditions are met at the same time, the net amount after offsetting is shown in the balance sheet:

- (1) the Group has a legal right to set off the recognized amount and such legal right is currently enforceable;
- (2) The Group plans to settle on a net basis, or at the same time to realise the financial assets and settle the financial liabilities.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

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

##### 4.8.4. Derecognition of financial assets and financial liabilities

When one of the following conditions is satisfied, the Group will terminate the recognition of the financial asset:

- (1) Termination of the contractual right to receive the cash flows of the financial asset;
- (2) the financial assets have been transferred, and the Group has transferred substantially all of the risks and rewards of the ownership of the financial assets to the transferee;
- (3) The financial asset has been transferred, and although the Group has neither transferred nor retained substantially all of the risks and rewards in the ownership of the financial asset, it has not retained control of the financial asset.

If the transfer of financial assets as a whole satisfies the conditions for derecognition, the Group shall include the difference between the following two amounts in profit or loss for the current period:

- (1) the carrying amount of the transferred financial asset on the date of derecognition;
- (2) The sum of the consideration received for the transfer of financial assets and the amount corresponding to the derecognition of the cumulative amount of fair value changes originally directly included in other comprehensive income (the financial assets involved in the transfer are debt investments measured at fair value through other comprehensive income). If the current obligation of a financial liability (or part thereof) has been discharged, the Group shall derecognize the financial liability (or part thereof).



## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

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

##### 4.8.5. Impairment of financial assets

Based on expected credit losses, the Group carries out impairment accounting treatment and recognises loss provisions for financial assets measured at amortized cost, debt investments and lease receivables measured at fair value through other comprehensive income:

The expected credit loss model is not applicable to other financial assets at fair value held by the Group, including debt investments or investments in equity instruments measured at fair value through profit or loss, investments in equity instruments designated at fair value through other comprehensive income, and derivative financial assets.

##### (1) *Measurement of expected credit losses*

Expected credit loss refers to the weighted average of credit losses of financial instruments weighted by the risk of default. Credit loss refers to the difference between all contractual cash flows receivable under contracts and all cash flows expected to be received by the Group discounted at the original effective interest rate, i.e. the present value of all cash shortfalls.

In measuring expected credit losses, the Group is required to consider the maximum contract period for which the enterprise is exposed to credit risk (including considering the renewal option).

Expected credit loss over the entire duration refers to the expected credit loss due to all possible default events that may occur throughout the expected duration of a financial instrument.

Expected credit losses in the next 12 months are expected credit losses that may occur as a result of an event of default on a financial instrument that may occur within 12 months after the balance sheet date (or the expected duration of the financial instrument if the expected duration of the financial instrument is less than 12 months), and is part of the expected credit loss for the entire duration.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

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

##### 4.8.5. Impairment of financial assets (Continued)

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

For receivables, the Group has always measured its loss allowance at an amount equivalent to the expected credit losses throughout the duration. The Group's ECLs for the above-mentioned financial assets are calculated using a provision matrix based on historical credit loss experience, which is adjusted based on the borrower's specific factors at the balance sheet date and the assessment of current conditions and projections of future economic conditions. In addition to receivables, the Group measures its loss allowance at an amount equivalent to the expected credit loss in the next 12 months for financial instruments and an amount equivalent to the expected credit loss for the entire duration of other financial instruments under the following circumstances:

- ① the financial instrument has only a lower credit risk at the balance sheet date;
  - ② the credit risk of the financial instrument has not increased significantly since its initial recognition.
- 1) Have a low credit risk

A financial instrument is considered to have a low credit risk if the risk of default is low, the borrower's ability to meet its contractual cash flow obligations in the short term is strong, and adverse changes in the economic situation and operating environment over a longer period of time do not necessarily reduce the borrower's ability to meet its contractual cash flow obligations.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

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

##### 4.8.5. Impairment of financial assets (Continued)

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

###### 2) Significant increase in credit risk

The Group determines the relative change in the risk of default of a financial instrument during its expected duration by comparing the risk of default on the balance sheet date with the risk of default occurring on the initial recognition date to assess whether the credit risk of a financial instrument has increased significantly since the initial recognition. In determining whether credit risk has increased significantly since initial recognition, the Group considers reasonable and evidence-based information, including forward-looking information, that is available without undue additional cost or effort. The information considered by the Group includes:

- ① The debtor fails to pay the principal and interest on the due date of the contract;
- ② a significant deterioration in the external or internal credit rating, if any, of the financial instrument that has occurred or is anticipated;
- ③ a serious deterioration in the debtor's operating results that has occurred or is expected;
- ④ existing or anticipated changes in the technical, market, economic or legal environment that will have a material adverse effect on the debtor's ability to repay the Group.

Depending on the nature of the financial instruments, the Group assesses whether there is a significant increase in credit risk on the basis of individual financial instruments or a combination of financial instruments. When assessing on the basis of a portfolio of financial instruments, the Group may classify financial instruments based on common credit risk characteristics, such as overdue information and credit risk ratings. The Group believes that the financial assets are in default when the borrower is unlikely to pay the amount it owes to the Group in full, and this assessment does not take into account recourse actions by the Group, such as realising the collateral (if held).

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

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

##### 4.8.5. Impairment of financial assets (Continued)

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

###### 3) Financial assets that have been subject to credit impairment

At the balance sheet date, the Group assesses whether there has been credit impairment in financial assets measured at amortized cost and debt investments at fair value through other comprehensive income. When one or more events occur that adversely affect the expected future cash flows of a financial asset, the financial asset becomes a financial asset that has undergone credit impairment. Evidence that a financial asset has been impaired in credit includes the following observable information:

- ① The issuer or the debtor has major financial difficulties;
- ② the debtor breaches the contract, such as default or overdue payment of interest or principal;
- ③ the creditor gives the debtor a concession that the debtor would not have made under any other circumstances, for reasons of economic or contractual considerations relating to the debtor's financial difficulties;
- ④ the debtor is likely to go bankrupt or undergo other financial restructuring;
- ⑤ The financial difficulties of the issuer or the debtor cause the disappearance of the active market for the financial asset.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

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

##### 4.8.5. Impairment of financial assets (Continued)

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

###### 4) Presentation of provisions for expected credit losses

In order to reflect the change in the credit risk of financial instruments since the initial recognition, the Group remeasures the expected credit losses at each balance sheet date, and the resulting increase or reversal of the loss provision should be recognized in the current profit or loss as an impairment loss or gain. For financial assets measured at amortized cost, the loss allowance is set off against the carrying amount of the financial asset shown in the balance sheet, and for debt investments measured at fair value through other comprehensive income, the Group recognises the loss provision in other comprehensive income and does not offset the carrying amount of the financial asset.

###### (2) Write-off

If the Group no longer reasonably expects that the contractual cash flows of financial assets will be fully or partially recovered, the carrying balance of such financial assets will be directly written down. Such write-downs constitute the derecognition of the underlying financial assets. This usually happens when the Group determines that the debtor has no assets or source of income to generate sufficient cash flow to repay the amount that will be written down. However, in accordance with the Group's procedures for recovering amounts due from the Group, the financial assets that have been written down may still be affected by the execution activities. If the financial assets that have been written down are later recovered, they shall be recognized in the profit or loss for the current period as an impairment loss.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

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

##### *4.8.6. Distinction between financial liabilities and equity instruments and related treatments*

The Group distinguishes between financial liabilities and equity instruments based on the following principles: (1) if the Group cannot unconditionally refrain from delivering cash or other financial assets to meet a contractual obligation, the contractual obligation meets the definition of a financial liability. Some financial instruments, while not explicitly containing terms and conditions for the delivery of cash or other financial assets, may indirectly create contractual obligations through other terms and conditions. (2) If a financial instrument is to be settled or can be settled with the Group's own equity instruments, consideration should be given to whether the Group's own equity instruments used to settle the instruments are used as a substitute for cash or other financial assets, or to enable the holder of the instrument to enjoy a residual interest in the assets of the issuer after deducting all liabilities. In the case of the former, the instrument is a financial liability of the issuer, and in the case of the latter, the instrument is an equity instrument of the issuer. In certain circumstances, a financial instrument contract provides that the Group is required to settle or may settle the financial instrument with its own equity instruments, where the amount of the contractual rights or obligations is equal to the number of its own equity instruments available for acquisition or delivery multiplied by its fair value at settlement, regardless of whether the amount of the contractual rights or obligations is fixed or based wholly or partly on variables other than the market price of the Group's own equity instruments (e.g. interest rates, The price of a commodity or the price of a financial instrument) is classified as a financial liability.

In classifying financial instruments (or their components) in the consolidated financial statements, the Group takes into account all terms and conditions entered into between members of the Group and holders of financial instruments. If the group as a whole assumes an obligation as a result of the instrument to deliver cash, other financial assets or settle in other ways that cause the instrument to become a financial liability, the instrument should be classified as a financial liability.

Where financial instruments or their components are financial liabilities, the relevant interest, dividends (or dividends), gains or losses, as well as gains or losses arising from redemption or refinancing, are included in the Group's profit or loss for the current period.

If a financial instrument or its component is an equity instrument, the issuance (including refinancing), repurchase, sale or cancellation of the financial instrument shall be treated as a change in equity and the fair value change of the equity instrument shall not be recognized.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.9 Accounts receivable

Receivables include notes receivable, accounts receivable, other receivables, etc. The accounts receivable arising from the Company's external sales of goods or the provision of labor services shall be initially recognized at the fair value of the contract or agreement price receivable from the purchaser. Receivables are presented using the effective interest method on a net basis of amortized cost less provision for bad debts.

##### (1) Accounts receivable

The Company's method of determining the expected credit loss of accounts receivable and accounting treatment are detailed in Note 4/(10) 6. Impairment of Financial Instruments.

The Company separately determines the credit loss of accounts receivable that have sufficient evidence to assess the expected credit loss at a reasonable cost at the level of a single instrument.

When sufficient evidence of expected credit loss cannot be assessed at a reasonable cost at the level of a single instrument, the Company divides the accounts receivable into analysis portfolios based on the credit risk characteristics with reference to historical credit loss experience, combined with the current situation and judgment of future economic conditions, and calculates the expected credit loss on the basis of the portfolio.

The Company has combined the accounts receivable with similar credit risk characteristics (aging) and based on all reasonable and evidence-based information, including forward-looking information, estimates the proportion of the provision for bad debts of the accounts receivable as follows:

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

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.9 Accounts receivable (Continued)

##### (2) Other receivables

The Company's method of determining the expected credit loss of other receivables and accounting treatment are detailed in Note 4/(10) 6. Impairment of Financial Instruments.

The Company separately determines the credit losses of other receivables that have sufficient evidence to assess the expected credit losses at a reasonable cost at the level of individual instruments.

When sufficient evidence of expected credit loss cannot be assessed at a reasonable cost at the level of a single instrument, the Company divides other receivables into analysis portfolios based on credit risk characteristics with reference to historical credit loss experience, combined with the current situation and judgment of future economic conditions, and calculates the expected credit loss on the basis of the portfolio.

The Company has combined the other receivables with similar credit risk characteristics (ageing) and based on all reasonable and substantiated information, including forward-looking information, estimates the proportion of the provision for bad debts of the other receivables as follows:

<b>Aging</b>	<b>Proportion of provision (%)</b>
Within 1 year	0-5
1 – 2 years	5-25
2 – 3 years	50
3 – 4 years	80
4 – 5 years	80
Over 5 years	100



## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.10 Inventories

##### 4.10.1 *Classification of inventories*

Inventories can be classified into raw materials, self-manufactured semi-finished products and goods in process, self-manufactured semi-finished products, stock commodities (finished products), materials for consigned processing, revolving materials and contract performance cost, etc.

##### 4.10.2 *Valuation method of inventory*

Inventories are initially measured at cost when acquired, including procurement costs, processing costs, and other costs. When the inventory is issued, it is valued in the following two ways.

- (1) Actual costing, which is valued on the weighted average method at the time of inventory issuance.
- (2) Accounting according to planned costing, the difference between the planned cost and the actual cost is accounted for through the cost difference account, and the cost difference that should be borne by the issued inventory is carried forward on time, and the planned cost is adjusted to the actual cost.

##### 4.10.3 *Inventory system*

Perpetual inventory system is adopted.

##### 4.10.4 *Amortization method for low-value consumables and packaging*

- (1) Low-value consumables adopt the one-time resale method;
- (2) The packaging adopts the one-time resale method.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.10 Inventories (Continued)

##### *4.10.5 The basis for determining the net realizable value of inventories and the method of accrual of provisions for inventory declines*

After a comprehensive inventory of inventories is carried out at the end of the period, the provision for inventory decline is withdrawn or adjusted according to the lower of the cost of inventories and the net realizable value. In the ordinary course of production and operation, the net realizable value of the inventory of finished products, inventory commodities and materials used for sale directly used for sale shall be determined by the estimated selling price of the inventory minus the estimated selling expenses and relevant taxes and fees; The net realizable value of the inventory held for the execution of the sales contract or the service contract shall be calculated on the basis of the contract price, and if the quantity of the inventory held exceeds the quantity ordered under the sales contract, the net realizable value of the excess inventory shall be calculated on the basis of the general sales price.

At the end of the period, the provision for inventory decline is made according to a single inventory item, but for inventory with a large quantity and low unit price, the provision for inventory decline is made according to the inventory category, and for inventory related to the product series produced and sold in the same region, with the same or similar end use or purpose, and it is difficult to measure separately from other items, the provision for inventory decline is provided for together.

If the influencing factors of the previous write-down of the value of the inventory have disappeared, the amount of the write-down shall be restored and reversed within the amount of the original provision for the decline in the value of the inventory, and the amount reversed shall be included in the profit or loss for the current period.

#### 4.11 Contract assets

If the Company has transferred the goods to the customer and is entitled to receive the consideration, and such right depends on factors other than the passage of time, it is recognized as a contract asset. The Company's unconditional (i.e., only subject to the passage of time) right to collect consideration from the Client is presented separately as a receivable.

The Company's method of determining the expected credit loss of contract assets and accounting treatment are detailed in Note (9) 6. Impairment of Financial Instruments.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.12 Long-term equity investment

##### 4.12.1 Recognition of initial investment cost

- (1) Long-term equity investment acquired from business combination:for details of specific accounting policies, please refer to Note 4.5 for accounting treatment methods of business combination under the same control and not under the same control.
- (2) Long-term equity investments acquired by other methods

The long-term equity investment obtained by means of cash payment shall be taken as the initial investment cost according to the purchase price actually paid.

The long-term equity investment obtained by issuing equity securities shall be taken as the initial investment cost according to the fair value of issuing equity securities.

The non-monetary assets transaction with commercial nature and the fair value of the assets received or surrendered can be reliably measured, under the premise of non-monetary assets transaction in long-term equity investment to the fair value of the assets surrendered and shall pay the relevant taxes to determine its initial investment cost, unless there is convincing evidence that the fair value of the assets received is more reliable : If the non-monetary asset exchange fails to meet the above premise, the book value of the asset to be exchanged and the relevant taxes to be paid shall be taken as the initial investment cost of the long-term equity investment to be exchanged.

The initial investment cost of long-term equity investment obtained through debt restructuring is determined on the basis of fair value.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.12 Long-term equity investment (Continued)

##### 4.12.2 Subsequent measurement and recognition of profits or losses

###### (1) Long-term equity investment accounted for by the cost method

Long-term equity investments of the Company in its subsidiaries are accounted for by the cost method.

Except for the actual price paid for acquisition of investment or the cash dividends or profits contained in the consideration which have been declared but not yet distributed, the Company recognizes the current investment income based on the cash dividends or profits enjoyed by the Company and declared to be distributed by the investee.

###### (2) Long-term equity investment accounted for by the equity method

Long-term equity investment in joint ventures and joint ventures shall be accounted for by the equity method. For some of the equity investments of joint ventures indirectly held by venture capital institutions, mutual funds, trust companies or similar entities including investment-linked insurance funds, fair value measurement is adopted and the changes are included in profit or loss.

When the initial investment cost is greater than the investment, the difference of the fair value share of the identifiable net assets of the invested entity shall be obtained, and the initial investment cost of long-term equity investment shall not be adjusted ; When the initial investment cost is less than the investment, the difference of the fair value share of the identifiable net assets of the invested entity shall be obtained and recorded into the current profit and loss.

The company shall recognize the investment income and other comprehensive income respectively according to the share of net profit and loss and other comprehensive income that should be realized by the invested company, and adjust the book value of long-term equity investment at the same time : The reduction in the book value of long-term equity investments based on the portion of the profits or cash dividends declared to be distributed by the invested entity : The book value of the long-term equity investment shall be adjusted and included in the owner's equity for other changes in the owner's equity except the net profit and loss, other comprehensive income and profit distribution of the invested entity.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.12 Long-term equity investment (Continued)

##### 4.12.2 Subsequent measurement and recognition of profits or losses (Continued)

##### (2) Long-term equity investment accounted for by the equity method (Continued)

When recognizing the share of the net profit and loss of the investee, the fair value of the identifiable net assets of the investee at the time of investment shall be taken as the basis, and the net profit of the investee shall be confirmed after adjustment according to the company's accounting policies and accounting period. During the period of holding the investment, if the invested entity prepares the consolidated financial statements, the accounting shall be conducted on the basis of the net profit, other comprehensive income and other changes in owners' equity attributable to the invested entity.

The profits and losses of unrealized internal transactions between the company, its associated enterprises and joint ventures shall be calculated in accordance with the proportion to which they shall be entitled, the part attributable to the company shall be offset, and the investment gains shall be recognized on this basis. The unrealized internal transaction loss incurred with the invested company, which belongs to the loss of asset impairment shall be fully recognized.

In case of any transaction between the company and its associated enterprises or joint ventures in which assets are invested or sold and the assets constitute businesses, the accounting treatment shall be conducted in accordance with the relevant policies. When the company confirms that it shall share the losses of the invested company, it shall deal with the losses in the following order: First, write off the book value of long-term equity investments. Secondly, if the book value of long-term equity investment is insufficient to be written off, the investment loss shall be continuously recognized within the book value of long-term equity and write off the book value of long-term accounts receivable. Finally, after above treatments, if the enterprise still bears additional obligations in accordance with the investment contract or agreement, the estimated liabilities shall be recognized according to the expected obligations and recorded into the current investment loss.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.12 Long-term equity investment (Continued)

##### *4.12.3 Determine the basis for control, joint control, and significant impact on the investee*

If the Company has the power over the investee, enjoys variable returns by participating in the related activities of the investee, and has the ability to use the power over the investee to influence its return amount, it is deemed that the Company controls the investee.

If the Company collectively controls an arrangement with other participants in accordance with the relevant agreement, and the activity decisions that have a significant impact on the return of the arrangement exist only after the unanimous consent of the participants sharing the control rights, it is deemed that the Company and other participants jointly control an arrangement, which is a joint venture arrangement.

If the joint venture arrangement is reached through a separate entity, if it is judged according to the relevant agreement that the Company has rights to the net assets of the separate entity, the separate entity shall be regarded as a joint venture, and the equity method shall be adopted for accounting. If it is judged according to the relevant agreement that the company does not have the right to the net assets of the separate entity, the separate entity shall operate as a joint operation, and the company shall confirm the items related to the share of the joint operation interests and carry out accounting treatment according to the relevant accounting standards for enterprises.

Significant influence refers to the power to participate in making decisions on the financial and operating policies of an enterprise, but not the power to control, or jointly control, the formulation of such policies with other parties. After one or more of the following situations and considering all facts and circumstances, the company judges that it has a significant impact on the invested unit: (1) it has representatives on the board of directors or similar authorities of the invested unit; (2) Participate in the financial and business policy formulation process of the invested unit; (3) Important transactions with the investee; (4) Send management personnel to the invested unit; (5) Provide key technical data to the investee.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.12 Long-term equity investment (Continued)

##### 4.12.4 Conversion of accounting methods for long-term equity investment

###### (1) Fair value measurement to equity method

If the equity investment originally held by the Company, which has no control, joint control or significant influence on the investee and is accounted for according to the financial instrument recognition and measurement standards, can exert significant influence on the investee or implement joint control but does not constitute control due to additional investment and other reasons, the original investment shall be determined according to Accounting Standards for Business Enterprises No.22-Recognition and Measurement of Financial Instruments.

Under the current accounting standards for business enterprises, if the equity investment originally held is classified as available-for-sale financial assets, the difference between its fair value and book value, as well as the change in accumulated fair value originally included in other comprehensive income, will be transferred to the current profits and losses accounted for by the equity method instead.

Under the new accounting standards for business enterprises, if the equity investment originally held is designated as a financial asset measured at fair value and its changes are included in other comprehensive income, the difference between its fair value and book value and the accumulated fair value changes originally included in other comprehensive income will be transferred to the retained earnings accounted for by the equity method. The initial investment cost calculated by the equity method is less than the difference between the fair value shares of identifiable net assets of the investee on the additional investment date calculated and determined according to the brand-new shareholding ratio after the additional investment. The book value of the long-term equity investment is adjusted and included in the current non-operating income.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.12 Long-term equity investment (Continued)

##### 4.12.4 Conversion of accounting methods for long-term equity investment (Continued)

(2) *Fair value measurement or equity method accounting is converted to cost method accounting*

If the Company originally held equity investments that do not have control, joint control or significant influence on the investee and are accounted for in accordance with the standards for the recognition and measurement of financial instruments, or the long-term equity investments originally held by the Company in associates or joint ventures, and can exercise control over the investee not under the same control due to additional investment or other reasons, the initial investment cost shall be calculated according to the sum of the carrying amount of the equity investment originally held plus the new investment cost when preparing individual financial statements.

Other comprehensive income recognized by the equity investment held before the acquisition date due to the adoption of the equity method of accounting shall be accounted for on the same basis as the investee's direct disposal of the relevant assets or liabilities when disposing of the investment.

If the equity investment held before the acquisition date is accounted for in accordance with the relevant provisions of Accounting Standard for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments, the accumulated fair value changes originally included in other comprehensive income will be transferred to profit or loss for the current period when the accounting method is changed to the cost method.

(3) *Equity method accounting is converted to fair value measurement*

If the Company loses common control or significant influence on the investee due to the disposal of part of the equity investment, the remaining equity after the disposal shall be accounted for in accordance with Accounting Standard for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments, and the difference between the fair value and the carrying amount on the date of loss of joint control or significant impact shall be included in the profit or loss for the current period.

Other comprehensive income recognized by the original equity investment due to the adoption of the equity method of accounting shall be accounted for on the same basis as the investee's direct disposal of the relevant assets or liabilities when the equity method of accounting is terminated.



## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.12 Long-term equity investment (Continued)

##### 4.12.4 Conversion of accounting methods for long-term equity investment (Continued)

###### (4) Conversion of cost method to equity method

If the Company loses control of the investee due to the disposal of part of the equity investment, if the remaining equity after disposal can exercise joint control or exert significant influence on the investee when preparing individual financial statements, it shall be accounted for according to the equity method instead, and the remaining equity shall be adjusted as if it had been accounted for by the equity method since the acquisition.

###### (5) Conversion from cost method to fair value measurement

If the Company loses control of the investee due to the disposal of part of the equity investment, etc., and the remaining equity after the disposal cannot exercise joint control or exert significant influence on the investee when preparing individual financial statements, the accounting treatment shall be carried out in accordance with the relevant provisions of the Accounting Standard for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments, and the difference between the fair value and the carrying amount on the date of loss of control shall be recognized in profit or loss for the current period.

##### 4.12.5 Disposal of long-term equity investments

For the disposal of long-term equity investment, the difference between its book value and the actual price shall be recorded into the current profit and loss.

For disposal of long-term equity investment, the difference between its book value and the actual purchase price shall be included in the current profits and losses. For long-term equity investment accounted by equity method, when disposing of the investment, it adopts the same basis as the investee's direct disposal of related assets or liabilities, and accounts for the part originally included in other comprehensive income according to the corresponding proportion.

The terms, conditions and economic impact of various transactions for disposal of equity investment in subsidiaries meet one or more of the following conditions, and multiple transactions are treated as package transactions for accounting treatment:

These transactions are concluded at the same time or under the condition of considering each other's influence;

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.12 Long-term equity investment (Continued)

##### 4.12.5 Disposal of long-term equity investments (Continued)

These transactions as a whole can achieve a complete commercial result;

The occurrence of one transaction depends on the occurrence of at least one other transaction;

A transaction is uneconomical when viewed alone, but it is economical when considered together with other transactions.

If an enterprise loses its control over its original subsidiary due to the disposal of part of its equity investment or other reasons, and it does not belong to a package transaction, it shall distinguish between individual financial statements and consolidated financial statements for relevant accounting treatment:

- (1) In individual financial statements, the difference between the book value and the actual acquisition price of the disposed equity is included in the current profits and losses. If the remaining equity after disposal can exercise joint control or exert significant influence on the invested unit, it shall be accounted for by equity method instead, and the remaining equity shall be regarded as being accounted for by equity method at the time of acquisition for adjustment; If the remaining equity after disposal cannot exercise joint control or exert significant influence on the investee, it shall be accounted for according to the relevant provisions of Accounting Standards for Business Enterprises No.22-Recognition and Measurement of Financial Instruments, and the difference between its fair value and book value on the date of loss of control shall be included in the current profits and losses.
- (2) In the consolidated financial statements, for all transactions before the loss of control over subsidiaries, the difference between the disposal price and the disposal of long-term equity investment corresponding to the share of net assets continuously calculated by subsidiaries from the purchase date or the merger date, adjust the capital reserve (equity premium), and adjust the retained earnings if the capital reserve is insufficient to offset; In case of loss of control over subsidiaries, the remaining equity shall be re-measured according to its fair value on the date of loss of control. The sum of the consideration obtained from the disposal of equity and the fair value of the remaining equity, minus the difference between the share of the original subsidiary's net assets continuously calculated from the purchase date calculated according to the original shareholding ratio, is included in the investment income of the current period of loss of control, and the goodwill is offset at the same time. Other comprehensive income related to the original subsidiary's equity investment, etc., will be converted into current investment income when the control right is lost.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.12 Long-term equity investment (Continued)

##### 4.12.5 Disposal of long-term equity investments (Continued)

If all transactions involving disposal of equity investment in subsidiaries until loss of control rights belong to a package transaction, all transactions shall be treated as transactions involving disposal of equity investment in subsidiaries and loss of control rights, and relevant accounting treatment shall be carried out by distinguishing individual financial statements from consolidated financial statements:

- (1) In individual financial statements, the difference between the disposal price before the loss of control and the book value of the long-term equity investment corresponding to the disposed equity is recognized as other comprehensive income, which will be transferred to the profit and loss of the current period when the control is lost.
- (2) In the consolidated financial statements, the difference between the disposal price and the share of the subsidiary's net assets corresponding to the disposal investment before the loss of control right is recognized as other comprehensive income, which will be transferred to the profit and loss of the current period when the control right is lost.

##### 4.12.6 Impairment test method and impairment provision accrual method

On the balance sheet date, if the book value of the long-term equity investment is larger than the share of the book value of the owner's equity of the investee, the impairment test shall be conducted for the long-term equity investment according to Accounting Standards for Business Enterprises No.8-Asset Impairment. If the recoverable amount is lower than the book value of the long-term equity investment, the impairment reserve shall be accrued. The recoverable amount of a long-term equity investment is determined according to the higher of the net amount of the fair value of a single long-term equity investment minus the disposal expenses and the present value of the estimated future cash flow of the long-term equity investment. When the recoverable amount of long-term equity investment is lower than the book value, the book value of the asset is written down to the recoverable amount, and the written-down amount is recognized as the asset impairment loss, which is included in the current profits and losses, and the corresponding asset impairment reserve is accrued at the same time.

Once the impairment loss of long-term equity investment is confirmed, it will not be reversed.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.13 Investment properties

Investment properties refers to real estate held for the purpose of earning rent or capital appreciation, or both, including land use rights that have been leased, land use rights that are held and ready to be transferred after appreciation, and buildings that have been leased. In addition, vacant buildings held by the Company for operation and lease are also reported as investment properties if the Board of Directors makes a written resolution stating that they will be used for operation and lease and that the intention to hold them will not change in the short term.

The Company's Investment properties is recorded at its cost, the cost of purchasing Investment properties includes the purchase price, relevant taxes and other expenses directly attributable to the asset, and the cost of self-construction of investment properties consists of the necessary expenses incurred before the asset reaches its intended state of use.

The Company uses a cost model for the measurement of existing investment properties. The same depreciation policy as the Company's fixed assets is applied to investment real estate-rental buildings measured according to the cost model, and the same amortization policy as intangible assets is applied to leased land use rights.

When the use of investment properties is changed to self-use, the Company converts the investment properties into fixed assets or intangible assets from the date of change. In the event that the use of self-occupied real estate is changed to earn rent or capital appreciation, the Company converts fixed assets or intangible assets into investment properties from the date of change. In the event of a conversion, the book value before the conversion is used as the recorded value after the conversion.

At the balance sheet date, the Company estimates the recoverable amount of investment real estate with signs of impairment, and if the recoverable amount is lower than its carrying amount, it recognizes the corresponding impairment loss. Once the impairment loss of investment real estate is recognized, it will not be reversed.

When an investment property is disposed of, or permanently withdrawn from use and it is not expected that it will be economically beneficial from its disposal, the recognition of the investment real estate will be terminated. The amount of the disposal income from the sale, transfer, scrapping or damage of investment real estate after deducting its carrying amount and relevant taxes and fees is included in profit or loss for the current period.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.14 Fixed assets

##### 4.14.1 Recognition criteria of fixed assets

Fixed assets refer to the tangible assets held for the purpose of producing commodities, providing services, renting or business management with useful lives exceeding one accounting year. Fixed assets are recognized when they simultaneously meet the following conditions:

- (1) It is probable that the economic benefits relating to the fixed assets will flow into the Company; and
- (2) The costs of the fixed assets can be measured reliably.

##### 4.14.2 Initial measurement of fixed assets

The fixed assets of the company are initially measured at cost, of which:

- (1) The cost of purchased fixed assets includes the purchase price, import duties and other related taxes and fees, as well as other expenses that can be directly attributed to the fixed assets before they reach the intended usable state.
- (2) The cost of self-built fixed assets consists of the necessary expenses incurred before the assets are built to the intended usable state.
- (3) The fixed assets invested by investors are recorded at the value agreed in the investment contract or agreement, but if the value agreed in the contract or agreement is unfair, they are recorded at fair value.
- (4) If the purchase price of fixed assets exceeds the normal credit conditions and the payment is delayed, the cost of fixed assets is determined based on the present value of the purchase price. The difference between the actual paid price and the present value of the purchase price shall be included in the current profits and losses within the credit period, except for those that should be capitalized.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.14 Fixed assets (Continued)

##### 4.14.3 Subsequent measurement and disposal of fixed assets

###### (1) Depreciation of fixed assets

Except for the fixed assets that have been fully depreciated and continue to be used, and the land that has been separately priced and recorded, the depreciation of fixed assets shall be accrued by the method of life average or double declining balance, and the depreciation rate shall be determined according to the category of fixed assets, estimated service life and estimated net salvage value rate.

For the fixed assets formed by special reserve expenditure, the special reserve shall be offset according to the cost of forming the fixed assets, and the accumulated depreciation of the same amount shall be confirmed. The fixed assets will not be depreciated in future periods.

According to the nature and usage of fixed assets, the Company determines the service life and estimated net salvage value of fixed assets. At the end of the year, the service life, estimated net salvage value and depreciation method of fixed assets shall be rechecked, and if there is any difference with the original estimate, corresponding adjustments shall be made.

Depreciation life and annual depreciation rate of various fixed assets are as follows:

Type	Depreciation method	Depreciation life (year)	Residual value rate (%)
Houses and buildings	15—30	3	3.23-6.47
Machinery equipment	7—15	3	6.47-13.86
Transportation equipment	5—6	3	16.17-19.40
Electronic computer	5—10	3	9.70—19.40
Office equipment	5—9	3	10.78-19.40
Other equipment	5—9	3	10.78-19.40

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.14 Fixed assets (Continued)

##### 4.14.3 Subsequent measurement and disposal of fixed assets

###### (2) Subsequent expenditure of fixed assets

Subsequent expenditures related to fixed assets shall be included in the cost of fixed assets if they meet the conditions for recognition of fixed assets; Those that do not meet the conditions for recognition of fixed assets are included in the profits and losses of the current period when they occur.

###### (3) Disposal of fixed assets

When a fixed asset is disposed of, or it is expected that no economic benefits can be generated through use or disposal, the recognition of the fixed asset is terminated. The amount of disposal income from the sale, transfer, scrapping or damage of fixed assets after deducting its book value and related taxes and fees is included in the current profits and losses.

##### 4.14.4 Impairment test method and provision method for impairment of fixed assets

At the end of each period, the company judges whether there is any sign of possible impairment of fixed assets.

If there are signs of impairment of fixed assets, the recoverable amount is estimated. The recoverable amount is determined according to the higher of the net amount of the fair value of fixed assets minus disposal expenses and the present value of the estimated future cash flow of fixed assets.

When the recoverable amount of fixed assets is lower than its book value, the book value of fixed assets will be written down to the recoverable amount, and the written-down amount will be recognized as the impairment loss of fixed assets, which will be included in the current profits and losses, and the corresponding provision for impairment of fixed assets will be accrued at the same time.

After the impairment loss of fixed assets is confirmed, the depreciation of the impaired fixed assets will be adjusted accordingly in the future period, so that the book value of the adjusted fixed assets will be shared systematically within the remaining service life of the fixed assets (excluding the estimated net salvage value).

Once the impairment loss of fixed assets is confirmed, it will not be reversed in the following accounting period.

If there are signs that a fixed asset may be impaired, the enterprise estimates its recoverable amount on the basis of a single fixed asset. If it is difficult for an enterprise to estimate the recoverable amount of a single fixed asset, the recoverable amount of the asset group shall be determined based on the asset group to which the fixed asset belongs.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.15 Construction in progress

##### *4.15.1 Categories of construction in progress*

The construction in progress built by our company is priced according to the actual cost, which consists of the necessary expenses incurred before the construction of the asset reaches the intended usable state, including the cost of engineering materials, labor costs, relevant taxes and fees paid, borrowing costs to be capitalized, and indirect expenses to be shared, etc. The construction in progress of our company is accounted by project classification.

##### *4.15.2 Standards and time points for carrying forward projects under construction into fixed assets*

For a construction project under construction, all expenses incurred before the construction of the asset reaches the intended usable state shall be taken as the recorded value of fixed assets. If the construction in progress has reached the scheduled serviceable condition, but the final accounts have not yet been completed, it will be transferred into fixed assets according to the estimated value according to the project budget, cost or actual project cost from the date of reaching the scheduled serviceable condition, and the depreciation of fixed assets will be accrued according to the Company's fixed assets depreciation policy. After the final accounts are completed, the original provisional valuation value will be adjusted according to the actual cost, but the original accrued depreciation amount will not be adjusted.

##### *4.15.3 Impairment test method and impairment provision accrual method of construction in progress*

At the end of each period, the Company judges whether there is any sign of possible impairment of the construction in progress.

If there are signs that a construction in progress may be impaired, the enterprise shall estimate its recoverable amount on the basis of a single construction in progress. If it is difficult for an enterprise to estimate the recoverable amount of a single project under construction, the recoverable amount of the asset group shall be determined based on the asset group to which the project under construction belongs. The recoverable amount is determined according to the higher of the net amount of the fair value of the construction in progress minus the disposal expenses and the present value of the estimated future cash flow of the construction in progress.

When the recoverable amount of the construction in progress is lower than its book value, the book value of the construction in progress will be written down to the recoverable amount, and the written-down amount will be recognized as the impairment loss of the construction in progress, which will be included in the current profits and losses, and the corresponding impairment reserve of the construction in progress will be accrued at the same time. Once the impairment loss of construction in progress is confirmed, it will not be reversed in future accounting periods.



## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.16 Borrowing costs

##### 4.16.1 Recognition criteria of capitalization of borrowing costs

Borrowing costs include the interest of borrowings, the amortization of discount or premium, auxiliary expenses, exchange differences incurred by foreign currency borrowings, etc.

The borrowing costs incurred to the Company and directly attributable to the acquisition and construction or production of assets eligible for capitalization should be capitalized and included in relevant asset costs; other borrowing costs should be recognized as costs based on the amount incurred and be included in the current profit or loss.

Assets eligible for capitalization refer to fixed assets, investment property, inventories and other assets which may reach their intended use or sale status only after long-time acquisition and construction or production activities.

Borrowing costs may be capitalized only when all the following conditions are met at the same time:

- (1) Asset disbursements, which include those incurred by cash payment, the transfer of non-cash assets or the undertaking of interest-bearing debts for acquiring and constructing or producing assets eligible for capitalization, have already been incurred;
- (2) Borrowing costs have already been incurred; and
- (3) The acquisition and construction or production activities which are necessary to prepare the assets for their intended use or sale have been in progress.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.16 Borrowing costs (Continued)

##### 4.16.2 Capitalization period of borrowing costs

Capitalization period refers to the period from the commencement of capitalization of borrowing costs to its cessation, excluding the period of capitalization suspension of borrowing costs.

Capitalization of borrowing costs should be ceased when the acquired and constructed or produced assets eligible for capitalization have reached their intended use or sale condition.

When some projects among the acquired and constructed or produced assets eligible for capitalization are completed and can be used separately, the capitalization of borrowing costs of such assets should be ceased.

Where construction for each part of assets purchased, constructed or manufactured has been completed separately but can be used or sold only after the entire assets have been completed, capitalization of borrowing costs should cease at the completion of the entire assets.

##### 4.16.3 Suspension of capitalization

If the acquisition, construction or production activities of assets eligible for capitalization are abnormally interrupted and such condition lasts for more than three months, the capitalization of borrowing costs should be suspended; if the interruption is necessary procedures for the acquired, constructed or produced assets eligible for capitalization to reach the working conditions for their intended use or sale, the borrowing costs continue to be capitalized. Borrowing costs incurred during the interruption are recognized as the current profit or loss and continue to be capitalized until the acquisition, construction or production of the assets restarts.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.16 Borrowing costs (Continued)

##### *4.16.4 Measurement method of capitalization rate and capitalized amounts of borrowing costs*

As for special borrowings borrowed for acquiring and constructing or producing assets eligible for capitalization, borrowing costs of special borrowings actually incurred in the current period less the interest income from undrawn borrowings deposited in the bank or investment income from temporary investment should be recognized as the capitalization amount of borrowing costs.

As for general borrowings used for acquiring and constructing or producing assets eligible for capitalization, the amount of general borrowings to be capitalized should be calculated by multiplying the weighted average of asset disbursements of the part of accumulated asset disbursements exceeding special borrowings by the capitalization rate of used general borrowings. The capitalization rate is calculated by weighted average interest rate of general borrowings.

If the loan has discount or premium, the amount of discount or premium to be amortized in each accounting period shall be determined according to the effective interest rate method, and the amount of interest in each period shall be adjusted.

#### 4.17 Right to use assets

Our company initially measures the right to use assets according to the cost, which includes:

- 1) Initial measurement amount of lease liabilities;
- 2) The lease payment amount paid on or before the start date of the lease period, if there is a lease incentive, deduct the amount related to the lease incentive already enjoyed;
- 3) Initial direct expenses incurred by the Company;
- 4) The Company's estimated costs for dismantling and removing the leased assets, restoring the leased assets' site or restoring the leased assets to the state agreed in the lease terms (excluding the costs incurred for producing inventory).

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

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

After the start of the lease term, the Company adopts the cost model to measure the right to use assets subsequently.

If it can be reasonably determined that the ownership of the leased asset is acquired at the expiration of the lease term, the Company shall accrue depreciation within the remaining service life of the leased asset. If it is impossible to reasonably determine that the ownership of the leased asset can be acquired upon the expiration of the lease term, the Company shall accrue depreciation within the shorter period of the lease term and the remaining service life of the leased asset. For the right-to-use assets with provision for impairment, depreciation will be accrued according to the book value after deducting the provision for impairment in the future with reference to the above principles.

#### 4.18 Intangible assets

Intangible assets refer to identifiable non-monetary assets owned or controlled by the company without physical form.

##### *4.18.1 Initial measurement of intangible assets*

The costs of externally purchased intangible assets include purchase prices, relevant taxes and surcharges and other directly attributable expenditures incurred to prepare the assets for their intended uses. If the payment for an intangible asset is delayed beyond the normal credit conditions and it is of the financing nature, the cost of the intangible asset shall be determined on the basis of the present value of the purchase price.

For intangible assets obtained through debt restructuring that are used by debtors for offsetting debts, its book value is determined by the fair value of the abandoned creditor's right and the taxes directly attributable to the assets reaching intended use, and the difference between the fair value of the abandoned creditor's right and the book value is included into the current profit or loss.

On the premise that non-monetary assets trade is of commercial nature and the fair value of the assets traded in and out can be measured reliably, the intangible assets traded in with non-monetary assets should be recognized at the fair value of the assets traded out, unless any unambiguous evidence indicates that the fair value of the assets traded in is more reliable; as to the non-monetary assets trade not meeting the aforesaid premise, the book value of the assets traded out and related taxes and surcharges payable should be recognized as the cost of the intangible assets, with profits or losses not recognized.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.18 Intangible assets (Continued)

##### 4.18.1 Initial measurement of intangible assets (Continued)

The intangible assets acquired by the enterprise under the same control are determined based on the book value of the merged party; the intangible assets acquired by the enterprises under the same control are determined at fair value.

Intangible assets developed by the company itself, whose costs include: materials used in the development of the intangible assets, labor costs, registration fees, amortization of other patents and concessions used in the development process, and interest charges to meet capitalization conditions, and other direct costs incurred to bring the intangible asset to its intended use.

##### 4.18.2 Subsequent measurement of intangible assets

Analyze and judge the service life of intangible assets when acquiring them. Intangible assets with limited service life are amortized by straight-line method within the period of bringing economic benefits to enterprises; If it is impossible to foresee the period when intangible assets bring economic benefits to the enterprise, they shall be regarded as intangible assets with uncertain service life and shall not be amortized.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.18 Intangible assets (Continued)

##### *4.18.3 Provision for impairment of intangible assets*

For intangible assets with a defined service life, if there is any obvious sign of impairment, the impairment test is carried out at the end of the period.

For intangible assets with an indefinite useful life, an impairment test is performed at the end of each period.

The intangible assets are tested for impairment and the recoverable amount is estimated. If there is any indication that an intangible asset may be impaired, the company estimates its recoverable amount based on a single intangible asset. If it is difficult for the company to estimate the recoverable amount of an individual asset, the recoverable amount of the intangible asset group is determined based on the asset group to which the intangible asset belongs.

The recoverable amount is determined based on the higher of the fair value of the intangible assets minus the disposal expenses and the present value of the estimated future cash flows of the intangible assets.

When the recoverable amount of the intangible asset is lower than its carrying amount, the carrying amount of the intangible asset is reduced to the recoverable amount, and the amount of the write-down is recognized as the impairment loss of the intangible asset, which is included in the current profit and loss, and the corresponding intangible is accrued. Impairment of assets.

After the impairment loss of intangible assets is recognized, the depreciation or amortization expenses of the intangible assets are adjusted accordingly in the future period, so that the intangible assets are systematically apportioned the adjusted book value of intangible assets (net of estimated net Residual value).

Once the impairment loss of an intangible asset is recognized, it will not be reversed in subsequent accounting periods.

##### *4.18.4 Specific criteria for dividing research stage and development stage*

Research stage: The stage of an original, planned investigation or research activity to acquire and understand new scientific or technical knowledge.

Development stage : The stage at which research or other knowledge is applied to a plan or design to produce a new or substantially improved material, device, product and so on before commercial production or use.

Expenditures during the research phase of internal research and development projects are included in the current profits and losses when they occur.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.18 Intangible assets (Continued)

##### *4.18.5 Specific conditions for capitalization of expenditure in the development stage*

Expenditures arising from development stage are determined as intangible assets when the following conditions are simultaneously satisfied:

- (1) It is technically feasible to finish intangible assets for use or sale;
- (2) The management has the intention to finish and use or sell the intangible assets;
- (3) The method that the intangible assets generate economic benefits, including the existence of a market for products produced by the intangible assets or for the intangible assets themselves, shall be proved. Or, if to be used internally, the usefulness of the assets shall be proved;
- (4) With the support of sufficient technologies, financial resources and other resources, it is able to finish the development of the intangible assets, and it is able to use or sell the intangible assets; and
- (5) The expenditures attributable to the intangible assets during their development stage can be reliably measured.

Expenditures at the development stage that do not meet the above conditions are included in the current profit or loss on occurrence. Development expenditures that have been included in profit or loss in prior periods will not be recognized as an asset in future periods. The capitalized expenditures at the development stage should be listed as development expenses in the balance sheet, and transferred to be intangible assets when the project meets the working condition for its intended use.

#### 4.19 Long-term deferred expenses

Long-term deferred expenses refer to various expenses which have been already incurred but will be borne in the reporting period and in the future with an amortization period of over one year. Long-term deferred expenses are evenly amortized over the benefit period.

For long-term deferred expenses are not beneficiary to the subsequent accounting periods, the amortized value of the projects that are not amortized yet is all included in the current profit and loss.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.20 Contract liabilities

The Company recognizes the obligation to transfer goods to customers after receiving or receiving consideration from customers as contractual liabilities.

#### 4.21 Employee compensation

Employee compensation refers to the various forms of remuneration or compensation given by the company to obtain the services provided by the employees or to terminate the labor relationship.

Employee remuneration includes short-term remuneration, dismissal benefits and retirement benefits.

##### 4.21.1 Short-term compensation

During the accounting period of an employee's providing services, the Company should recognize the actual short-term compensation as liabilities and shall include it into the current gains and losses or relevant asset costs. The cost of social insurance and housing fund paid by Company for employees and the labor union cost and employee education costs provided by the Company in accordance with provisions shall, in the accounting period, during which the service is provided by employees for enterprises, be used to calculate corresponding amount of employee compensation according to the stipulated provision basis and proportion.

##### 4.21.2 Post-employment benefits

Post-employment benefits refer to various forms of remuneration and benefits provided by the Company after employees retire or terminate their labor relations with enterprises in order to obtain services provided by employees, except short-term remuneration and dismissal benefits.

The Company's post-employment benefit plans are classified into defined contribution plans and defined benefit plans.



## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.21 Employee compensation (Continued)

##### 4.21.2 Post-employment benefits (Continued)

The plan for setting and depositing post-employment benefits is mainly to participate in social basic endowment insurance and unemployment insurance organized and implemented by local labor and social security institutions; In addition to the basic endowment insurance, the Company has also established an enterprise annuity payment system (supplementary endowment insurance)/enterprise annuity plan in accordance with the relevant policies of the national enterprise annuity system. The Company pays the local social insurance institution/annuity plan according to a certain proportion of the total wages of employees, and the corresponding expenses are included in the current profits and losses or related asset costs. During the accounting period when employees provide services for the Company, the amount of deposit payable calculated according to the set deposit plan is recognized as a liability and included in the current profits and losses or related asset costs.

Post-employment benefits defined benefit plans mainly refers to the explicit standard off-planning benefits paid by retirees and the living expenses paid for the survivors of deceased employees. As for the obligations undertaken in defined benefit plans, on the balance sheet, according to the formula determined by the expected cumulative welfare unit method, the company attributed the welfare obligations arising from defined benefit plans to the period during which employees provided services, and included them in current profits and losses or related asset costs. Among them, unless other accounting standards require or allow employee welfare costs to be included in asset costs, defined benefit plans service costs and net interest of defined benefit plans net liabilities or net assets are included in current profits and losses in the current period; Changes arising from remeasurement of net liabilities or net assets of defined benefit plans are included in other comprehensive income in the current period, and are not allowed to be reversed to profit or loss in subsequent accounting periods.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.21 Employee compensation (Continued)

##### 4.21.3 Dismissal benefits

When the Company fails to unilaterally withdraw the dismissal benefits offered due to the termination of the labor relation plan or layoff proposal, or confirms the costs or fees associated with the reorganization involving the payment of the dismissal benefits (whatever is earlier), the employee compensation liabilities arising from the confirmation of dismissal benefits are included in the current profit or loss.

The Company provides retirement benefits to employees who accept internal retirement arrangements. Retirement benefits refer to the wages and social insurance premiums paid to employees who have not reached the retirement age stipulated by the state and voluntarily quit their jobs with the approval of the management of the company. The Company shall pay internal retirement benefits to retired employees from the start of internal retirement arrangements until the employees reach the normal retirement age. For the retired benefits, the Company will carry out accounting treatment according to the dismissal benefits. When the relevant confirmation conditions of the dismissal benefits are met, the wages and social insurance premiums to be paid by the retired employees from the date when the employees stop providing services to the normal retirement date will be recognized as liabilities, which will be included in the profits and losses of the current period at one time. Changes in actuarial assumptions of retired benefits and differences caused by adjustment of welfare standards are included in current profits and losses when they occur.

##### 4.21.4 Other long-term employee benefits

Other long-term employee benefits refer to all employee benefits except short-term salary, post-employment benefits, and severance benefits.

For other long-term employee benefits that meet the conditions for setting up a deposit and withdrawal plan, the amount payable shall be recognized as a liability during the accounting period in which the employee provides services to the Company and shall be included in the current profit or loss or the cost of related assets;

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.22 Lease liabilities

The Company initially measures the lease liabilities according to the present value of the unpaid lease payment on the start date of the lease term. When calculating the present value of the lease payment, the company adopts the lease embedded interest rate as the discount rate; If the interest rate of the lease cannot be determined, the incremental borrowing rate of the Company shall be used as the discount rate. The lease payment amount includes:

- 1) Fixed payment amount and substantial fixed payment amount after deducting the relevant amount of lease incentive;
- 2) Variable lease payment amount depending on index or ratio;
- 3) When the Company reasonably determines that the option will be exercised, the lease payment amount includes the exercise price for purchasing the option;
- 4) In the case that the lease period reflects that the Company will exercise the option to terminate the lease, the lease payment amount includes the amount to be paid for exercising the option to terminate the lease;
- 5) Estimated amount to be paid according to the residual value of guarantee provided by the Company.

The Company calculates the interest expenses of the lease liabilities in each period of the lease term according to a fixed discount rate, which is included in the current profits and losses or related asset costs.

The variable lease payments that are not included in the measurement of lease liabilities shall be included in the current profits and losses or related asset costs when they actually occur.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.23 Share-based payment

##### 4.23.1 *Types of share-based payments*

The Company's share-based payments are divided into equity-settled share-based payments and cash-settled share-based payments.

##### 4.23.2 *The method of determining the fair value of equity instruments*

For equity instruments such as options granted with an active market, their fair value is determined based on the quotations quoted in the active market. For equity instruments such as options granted that do not have an active market, the fair value is determined by using an option pricing model, etc., and the option pricing model selected takes into account the following factors: (1) the exercise price of the option, (2) the validity period of the option, (3) the current price of the underlying shares, (4) the expected volatility of the stock price, (5) the expected dividend of the shares, and (6) the risk-free interest rate during the life of the option.

In determining the fair value of equity instruments at the grant date, the impact of market conditions and non-vesting conditions in the exercisable conditions set out in the share-based payment agreement is considered. If there are non-exercisable conditions for share-based payment, as long as the employee or other party satisfies all the non-market conditions (such as the term of service, etc.) in all the exercisable conditions, the corresponding cost of the service will be recognized.

##### 4.23.3 *The basis for determining the best estimate of the exercisable equity instrument*

During the waiting period, at each balance sheet date, the number of equity instruments with exercisable rights is revised based on the best estimate and other subsequent information such as changes in the number of employees with the latest vesting rights. On the vesting date, the final expected number of exercisable equity instruments is consistent with the actual number of exercisable rights.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.23 Share-based payment (Continued)

##### 4.23.4 *Accounting treatment related to the implementation, modification and termination of the share-based payment plan*

Equity-settled share-based payments are measured at the fair value of equity instruments granted to employees. If the right is exercisable immediately after grant, the relevant costs or expenses shall be included in the fair value of the equity instrument on the grant date, and the capital reserve shall be increased accordingly. If the rights are exercised only after the completion of the services during the waiting period or the performance conditions are met, the services obtained in the current period shall be included in the relevant costs or expenses and capital reserve at each balance sheet date during the waiting period, based on the best estimate of the number of exercisable equity instruments, and at the fair value of the equity instruments on the date of grant. No adjustments will be made to the relevant costs or expenses recognized and the total amount of owner's equity after the vesting date.

Cash-settled share-based payments are measured at the fair value of liabilities assumed by the Company on the basis of shares or other equity instruments. If the right is exercisable immediately after grant, the fair value of the liability assumed by the Company shall be included in the relevant costs or expenses on the grant date, and the liability shall be increased accordingly. For cash-settled share-based payments that are exercisable after the completion of services during the waiting period or the achievement of specified performance conditions, services acquired during the current period are included in costs or expenses and corresponding liabilities at each balance sheet date during the waiting period, based on the best estimate of the exercisable rights and the amount of the fair value of the liabilities assumed by the Company. The fair value of the liability is remeasured at each balance sheet date and the settlement date before the settlement of the relevant liability, and its change is recognized in profit or loss for the current period.

##### 4.23.5 *If there is a modification of the terms and conditions, the modification of the current period and the related accounting treatment*

If the granted equity instruments are cancelled during the waiting period, the Company will treat the cancelled granted equity instruments as an accelerated exercise, and the amount that should be recognized during the remaining waiting period will be immediately included in the profit or loss for the current period, and the capital reserve will be recognized at the same time. If the employee or other party can choose to meet the non-exercisable conditions but fail to do so within the waiting period, the Company will treat it as a cancellation of the grant of equity instruments.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.24 Bonds payable

##### 4.24.1 General corporate bonds

Bonds payable at fair value through profit or loss are initially recognized at their fair value, and the relevant transaction costs are directly recognized in profit or loss for the current period and subsequently measured at fair value.

For other types of bonds payable, the sum of their fair value and related transaction costs is the initial recognition amount, and the amortized cost is used for subsequent measurement. A premium or discount is an adjustment for interest expense payable over the life of the bond, which is amortized over the life of the bond using the effective interest method.

##### 4.24.2 Convertible corporate bonds

For the convertible corporate bonds issued by the Company, the liability component and equity component contained in the convertible corporate bonds issued by the Company shall be split at the time of initial recognition, and the liability component shall be recognized as bonds payable and the equity component shall be recognized as capital reserve. In the spin-off, the initial recognition amount of the debt component is determined by discounting the future cash flows of the debt component, and then the initial recognition amount of the equity component is determined by deducting the initial recognition amount of the debt component from the total issue price. The transaction costs incurred in the issuance of convertible corporate bonds are apportioned between the liability component and the equity component according to their respective relative fair value.

#### 4.25 Estimated liabilities

##### 4.25.1 Recognition criteria of estimated liabilities

The Company recognizes estimated liabilities when such obligations related to contingencies including litigation, debt guarantee, onerous contracts and restructuring matters satisfy all the following conditions:

- (1) Such obligation is a present obligation of the Company;
- (2) The performance of this obligation may very probably lead to the flow of economic interests out of the Company;
- (3) The amount of the obligation can be measured reliably.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.25 Estimated liabilities (Continued)

##### 4.25.2 Measurement method of estimated liabilities

The estimated liabilities of the Company are initially measured as the best estimate of expenses required for the performance of relevant present obligations.

When determining the best estimates, the Company comprehensively considers the risks, uncertainties, time value of money, and other factors relating to the contingencies. If the time value of money is significant, the best estimates will be determined after discount of relevant future cash outflows.

The best estimates shall be treated as follows in different circumstances:

- (1) If there is continuous range (or interval) for the necessary expenses, and probabilities of occurrence of all the outcomes within this range are equal, the best estimate should be determined at the average amount of upper and lower limits within the range.
- (2) If there is no continuous range (or interval) for the necessary expenses, or probabilities of occurrence of all the outcomes within this range are unequal despite such a range exists, in case that the contingency involves a single item, the best estimate should be determined at the most likely outcome; if the contingency involves two or more items, the best estimate should be determined according to all the possible outcomes with their relevant probabilities.
- (3) When all or part of the expenses necessary for the settlement of an estimated liability of the Company are expected to be compensated by a third party, the compensation shall be separately recognized as an asset only when it is virtually certain that the compensation will be received. The amount recognized for the compensation shall not exceed the book value of the estimated liability.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.26 Production safety expenses

The company's machinery manufacturing enterprises take the accrual of safety production expenses as the basis for the accrual of the actual operating income of the previous year, and adopt the method of excess regression to withdraw on an average monthly basis according to the following standards:

1. If the operating income does not exceed 10 million yuan, it shall be withdrawn according to 2.35%;
2. The part of the operating income exceeding 10 million yuan to 100 million yuan shall be withdrawn according to 1.25%;
3. The part of the operating income exceeding 100 million yuan to 1 billion yuan shall be withdrawn according to 0.25%;
4. The part of the operating income exceeding 1 billion yuan to 5 billion yuan shall be withdrawn at 0.1%;
5. The part of the operating income exceeding 5 billion yuan shall be withdrawn according to 0.05%;

The safety production expenses withdrawn are included in the profit or loss for the current period, and at the same time recorded in the special reserve, which is listed separately under the owner's equity. When the actual use of the extracted safety production expenses is an expense expenditure, the special reserve shall be directly deducted. If the extracted safety production expenses are used to form fixed assets, the expenses incurred shall be collected through the accounting account of "construction in progress", and recognized as fixed assets when the safety project is completed and reaches the intended usable state; at the same time, the special reserves shall be offset according to the cost of forming fixed assets, and the accumulated depreciation of the same amount shall be recognized. If the balance of the special reserve withdrawn is insufficient to offset it, it shall be directly included in the profit or loss for the current period.



## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.27 Revenue

##### 4.27.1 General principles of revenue recognition

When the Company fulfills its performance obligations under the contract, i.e., when the Customer obtains control of the relevant goods or services, the Company recognizes revenue at the transaction price allocated to the performance obligation.

The obligation to perform refers to the promise of the Company to transfer goods or services to the customer in a contract that can clearly distinguish between goods or services.

To gain control of a commodity in question is to be able to dominate the use of the commodity and derive almost all of the economic benefits from it.

The Company evaluates the contract on the commencement date of the contract, identifies the individual performance obligations contained in the contract, and determines whether each individual performance obligation is to be performed within a certain period of time or at a certain point in time. If one of the following conditions is satisfied, it is a performance obligation to be performed within a certain period of time, and the Company shall recognize revenue within a period of time according to the performance progress: (1) the customer obtains and consumes the economic benefits brought by the company's performance at the same time as the company's performance, (2) the customer can control the goods under construction in the course of the company's performance, and (3) the goods produced by the company in the course of the performance of the contract have irreplaceable uses, and the company has the right to receive payment for the part of the performance that has been completed so far during the entire contract period. Otherwise, the Company recognises revenue at the point at which the Client acquires control of the relevant goods or services.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.27 Revenue (Continued)

##### 4.27.2 Principles for the treatment of revenue for specific transactions

(1) *A contract with a return of sale clause*

At the time the customer acquires control of the relevant merchandise, revenue is recognized at the amount of consideration that is expected to be received as a result of the transfer of the merchandise to the customer (i.e., excluding the amount expected to be refunded as a result of the return of the sale) and the liability is recognized as the amount expected to be refunded as a result of the return of the sale.

The carrying amount of the goods expected to be returned at the time of sale, after deducting the estimated cost of recovering the goods (including the impairment of the value of the returned goods), is accounted for under "cost receivable returns".

(2) *Contracts with quality assurance clauses*

Assess whether this quality assurance provides a separate service in addition to assuring the customer that the goods sold meet the established standards. If the Company provides additional services, it shall be accounted for in accordance with the provisions of the revenue standard as a single performance obligation, otherwise, the quality assurance liability shall be accounted for in accordance with the accounting standard for contingencies.

(3) *A contract of sale with an additional purchase option for the customer*

The Company assesses whether the Option provides a material right to the Client. If a material right is provided, the transaction price will be allocated to the performance obligation as a single performance obligation, and the corresponding revenue will be recognized when the customer exercises the purchase option to obtain control of the relevant goods in the future, or when the option expires. If the individual price of the additional purchase option cannot be directly observed, a reasonable estimate shall be made after taking into account all relevant information such as the difference in the discount that the customer can obtain by exercising and not exercising the option, and the possibility of the customer exercising the option.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.27 Revenue (Continued)

##### 4.27.2 Principles for the treatment of revenue for specific transactions (Continued)

###### (4) A contract to license intellectual property rights to a customer

To assess whether the IP license constitutes a single performance obligation, and if it constitutes a single performance obligation, it is further determined whether it is performed within a certain period of time or at a certain point in time. If the intellectual property license is granted to the customer and the royalty is agreed to be charged according to the actual sales or use of the customer, the revenue shall be recognized at the later of the following two points: the subsequent sales or use of the customer actually occurs, and the company fulfills the relevant performance obligations.

###### (5) After-sales repurchase

- 1) Contracts with repurchase obligations due to forward arrangements with customers: In this case, the customer does not obtain control of the relevant commodities at the time of sale, so they are accounted for as lease transactions or financing transactions. Among them, if the repurchase price is lower than the original selling price, it shall be regarded as a lease transaction, and the relevant provisions of the leasing shall be accounted for in accordance with the accounting standards for business enterprises; if the repurchase price is not lower than the original selling price, it shall be regarded as a financing transaction, and the financial liability shall be recognized when the payment is received from the customer, and the difference between the payment and the repurchase price shall be recognized as interest expense during the repurchase period. If the Company fails to exercise the repurchase right at maturity, the financial liability shall be derecognized when the repurchase right expires, and the revenue shall be recognized at the same time.
- 2) Contracts with repurchase obligations arising at the request of the customer: If the customer has a significant economic motive, the after-sales repurchase shall be treated as a lease transaction or a financing transaction and shall be accounted for in accordance with the provisions of 1) of this article;

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.28 Contract costs

##### 4.28.1 Contract performance costs

The costs incurred by the Company for the performance of the contract are recognized as an asset as contract performance costs when the following conditions are met:

- (1) The costs are directly related to a current or expected contract obtained.
- (2) The costs increase the resources of the Company to fulfill its performance obligations in the future.
- (3) The costs are expected to be recovered.

The asset is reported in inventory or other non-current assets according to whether the amortization period at initial recognition exceeds a normal business cycle.

##### 4.28.2 Contract acquisition costs

If the incremental costs incurred by the Company in order to obtain a contract can be recovered, the contract acquisition costs are recognized as an asset. Incremental cost refers to the cost that will not happen if the company does not obtain the contract, such as sales commission. If the amortization period does not exceed one year, it will be included in the current profits and losses when it occurs.

##### 4.28.3 Amortization of contract cost

Assets related to contract costs are amortized on the same basis as the recognition of goods or services income related to the assets; however, if the amortization period of the contract acquisition costs does not exceed one year, the company will account them in the current profit and loss when incurred.

##### 4.28.4 Impairment of contract cost

For assets related to contract costs, where the book value is higher than the difference between the following two items, the company will make provision for impairment losses and recognize them as asset impairment losses:

The remaining consideration that can be expected to be obtained by transferring the goods or services related to the asset; Estimate the costs to be incurred for the transfer of the related goods or services. If the above asset impairment provision is subsequently reversed, the book value of the asset after the reversal shall not exceed the book value of the asset on the date of reversal under the assumption that no provision for impairment is provided.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.29 Government subsidies

##### 4.29.1 *Type*

Government grants refer to the monetary or non-monetary assets obtained by the Company from the government for free. Government grants are divided into asset-related government grants and income-related government grants.

Asset-related government grants refer to government subsidies obtained by the Company for forming long-term assets by acquisition, construction or other manners. Income-related government grants refer to those other than asset-related government grants. Where government documents fail to clearly define grant objects, the Company will make a judgement according to the aforesaid principle.

##### 4.29.2 *Confirmation of government subsidies*

If there is evidence at the end of the period that the company can meet the relevant conditions stipulated in the financial support policy and is expected to receive financial support funds, the government subsidy shall be confirmed according to the receivable amount. In addition, government subsidies are confirmed when they are actually received.

Government subsidies are monetary assets, which shall be measured according to the amount received or receivable. If government subsidies are non-monetary assets, they shall be measured at fair value; If the fair value cannot be obtained reliably, it shall be measured according to the nominal amount (RMB1 yuan). Government subsidies measured in nominal amount are directly included in current profits and losses.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.29 Government subsidies (Continued)

##### 4.29.3 Accounting treatment

According to the essence of the economic business, the Company determines whether a certain type of government subsidy business should be accounted for by the gross or net method. In general, the Company selects only one method for the same or similar government subsidy business, and consistently applies that method to the business.

Government subsidies related to assets should be written off or recognized as deferred income for the carrying amount of the relevant assets. If the government subsidy related to the asset is recognized as deferred income, it shall be included in profit or loss in installments in a reasonable and systematic manner during the useful life of the asset built or purchased.

If the government subsidy related to income is used to compensate the relevant expenses or losses of the enterprise in subsequent periods, it shall be recognized as deferred income and shall be included in the profit or loss of the current period or offset the relevant costs in the period of recognition of the relevant expenses or losses;

Government subsidies related to the daily activities of the enterprise are included in other income or offset related costs and expenses, and government subsidies unrelated to the daily activities of the enterprise are included in non-operating income and expenditure.

If the borrower receives a government subsidy related to the preferential interest rate of the policy-based preferential loan to offset the relevant borrowing costs, the actual amount of the loan received shall be taken as the recorded value of the loan, and the relevant borrowing costs shall be calculated according to the principal of the loan and the policy-preferential interest rate.

When the recognized government subsidy needs to be returned, the book value of the asset shall be adjusted if the book value of the relevant asset is reduced at the time of initial recognition, and if there is a balance of relevant deferred income, the book balance of the relevant deferred income shall be written off, and the excess part shall be included in the profit or loss for the current period; and if there is no relevant deferred income, it shall be directly included in the profit or loss for the current period.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.30 Deferred tax assets and deferred tax liabilities

The Group's deferred tax assets and deferred tax liabilities are recognized based on the difference between the tax basis of the assets and liabilities and their carrying amounts (temporary differences), as well as the difference between the carrying amount and the tax basis of items that are not recognized as assets and liabilities but whose tax basis can be determined in accordance with the tax law. For deductible losses and tax credits that can be deducted from taxable income in subsequent years in accordance with the provisions of the tax law, the corresponding deferred tax assets are recognized as temporary differences.

Deferred tax liabilities are not recognized for taxable temporary differences relating to the initial recognition of goodwill, as well as in respect of assets or liabilities arising from transactions that are neither a business combination nor affect accounting profits and taxable income (or deductible losses) at the time of their occurrence. In addition, the relevant deferred tax liabilities will not be recognized for taxable temporary differences related to investments in subsidiaries, associates and joint ventures if the Group is able to control the timing of the reversal of the temporary differences and the temporary differences are likely not to be reversed in the foreseeable future. Subject to the above exceptions, the Group recognises all other deferred tax liabilities arising from taxable temporary differences.

Deductible temporary differences relating to the initial recognition of assets or liabilities arising from transactions that are neither a business combination nor affect accounting profits and taxable income (or deductible losses) at the time of occurrence are not recognized as deferred tax assets. In addition, deferred tax assets will not be recognized for deductible temporary differences related to investments in subsidiaries, associates and joint ventures if the temporary differences are not likely to be reversed in the foreseeable future, or if it is not likely that the taxable income used to offset the deductible temporary differences will be obtained in the future. Except for the above exceptions, the Group recognises deferred tax assets arising from other deductible temporary differences to the extent that it is likely to obtain taxable income that can be used to offset deductible temporary differences.

At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the applicable tax rate during the period in which the asset is expected to be recovered or liquidated.

The Group recognises deferred tax assets arising from deductible temporary differences to the extent that it is likely to obtain taxable income that can be used to offset deductible temporary differences. For recognized deferred tax assets, the carrying amount of the deferred tax assets should be written down when it is expected that there is a high probability that sufficient taxable income will not be available in future periods to offset the deferred tax assets. The write-down amount is reversed when it is likely that sufficient taxable income will be obtained.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.31 Lease

On the contract commencement date, the Company evaluates whether the contract is a lease or includes a lease. If a party to a contract transfers the right to control the use of one or more identified assets within a certain period in exchange for consideration, the contract shall be a lease or include a lease.

##### 4.31.1 *The split of the lease contract*

If the contract contains multiple individual leases, the lessee and the lessor will split the contract and make accounting treatment over each individual lease.

If the contract contains both leased and non-leased parts, the lessee and lessor will split the leased and non-leased parts. The lease part shall be accounted for according to the lease standards, and the non-lease part shall be accounted for according to other applicable accounting standards for enterprises.

##### 4.31.2 *Merger of lease contracts*

When two or more contracts including leases concluded between the Company and the same counterparty or its related parties at the same time or at a similar time meet one of the following conditions, they shall be merged into one contract for accounting treatment:

- (1) The two or more contracts are concluded based on the overall commercial purpose and constitute a package transaction, and if they are not considered as a whole, their overall commercial purpose cannot be understood.
- (2) The consideration amount of one of the two or more contracts depends on the pricing or performance of other contracts.
- (3) The right to use assets transferred by two or more contracts together constitute a separate lease.

##### 4.31.3 *Accounting treatment of the Company as a lessee*

At the commencement date of the lease term, the Company recognizes the right-of-use assets and lease liabilities for the lease. The accounting policies for right-of-use assets and lease liabilities are detailed in four (xx) right-of-use assets



## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.31 Lease (Continued)

##### 4.31.4 The Company as the lessor

###### (1) Classification of leases

Leases of the Company are classified as financing lease and operating lease on the lease commence date. Lease under which almost all the risks and rewards relevant to the ownership of leased assets are materially transferred is recognized as financing lease, regardless of whether the ownership is ultimately transferred. Operating lease refers to the leases other than financing lease.

In case of one or more of the following circumstances, the company usually classifies a lease as a financial lease:

- 1) When the lease term expires, the ownership of the leased assets is transferred to the lessee.
- 2) The lessee has the option to purchase the leased assets, and the purchase price is lower than the fair value of the leased assets when the option is expected to be exercised, so it can be reasonably determined that the lessee will exercise the option on the lease start date.
- 3) Although the ownership of the assets is not transferred, the lease period accounts for most of the service life of the leased assets.
- 4) On the lease start date, the present value of the lease receipts is almost equal to the fair value of the leased assets.
- 5) The leased assets are special in nature, and only the lessee can use them without major modification.

If one or more of the following signs exist in a lease, the Company may also classify it as a financial lease:

- 1) If the lessee cancels the lease, the lessor shall bear the losses caused by the cancellation of the lease.
- 2) Gains or losses arising from fluctuations in the fair value of the residual value of assets belong to the lessee.
- 3) The lessee has the ability to continue to lease for the next period at a rent far below the market level.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.31 Lease (Continued)

##### 4.31.4 The Company as the lessor (Continued)

###### (2) Accounting treatment of financial leasing

On the start date of the lease term, the Company recognizes the receivable financial lease funds for the financial lease and terminates the recognition of the financial lease assets.

In the initial measurement of the financial lease receivable, the sum of the unsecured residual value and the present value of the lease receipts that have not been received at the start date of the lease term is taken as the recorded value of the financial lease receivable. The lease payment amount includes:

- 1) Fixed payment amount and substantial fixed payment amount after deducting the relevant amount of lease incentive;
- 2) Variable lease payment amount depending on index or ratio;
- 3) When it is reasonably determined that the lessee will exercise the purchase option, the lease payment amount includes the exercise price of the purchase option;
- 4) When the lease period reflects that the lessee will exercise the right to terminate the lease, the lease payment amount includes the amount that the lessee needs to pay for exercising the right to terminate the lease;
- 5) The residual value of guarantee provided to the lessor by the lessee, the party related to the lessee and the independent third party with financial ability to perform the guarantee obligation.

The Company calculates and confirms the interest income of each period during the lease period according to the fixed lease embedded interest rate, and the variable lease payment amount not included in the measurement of the net lease investment is recorded into the current profits and losses when it actually occurs.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.31 Lease (Continued)

##### 4.31.4 The Company as the lessor (Continued)

##### (3) Accounting treatment of operating lease

During each period of the lease term, the company adopts the straight-line method or other systematic and reasonable methods to recognize the lease receipts of operating leases as rental income; Capitalization of the initial direct expenses related to the operating lease shall be allocated on the same basis as the rental income recognition during the lease period, and shall be included in the current profits and losses by stages; The variable lease payments related to operating leases that are not included in the lease receipts are included in the current profits and losses when they actually occur.

#### 4.32 Held for sale

##### 4.32.1 Confirmation criteria for holding for sale

The Company recognizes non-current assets or disposed asset portfolios meeting the following conditions at the same time as assets held for sale:

- (1) According to the general practice for selling such kind of asset or disposed asset portfolio in the similar transaction, the asset or portfolio can be immediately sold in the prevailing circumstance;
- (2) The sale of the asset or portfolio is very likely to happen, which means that the Company has made a resolution for one selling plan and had acquired decided purchase commitment, and it is estimated that the sale will be completed within one year.

The confirmed purchase commitment refers to the legally binding purchase agreement signed by the Company and other parties, which contains important clauses such as transaction price, time and severe penalties for breach of contract, which makes it extremely unlikely that the agreement will be significantly adjusted or cancelled.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.32 Held for sale (Continued)

##### 4.32.2 Accounting method of holding for sale

The Company does not accrue depreciation or amortization for non-current assets or disposal groups held for sale. If its book value is higher than the net amount of fair value minus selling expenses, it shall write down the book value to the net amount of fair value minus selling expenses, and the written-down amount shall be recognized as asset impairment loss, which shall be included in current profits and losses, and at the same time, provision for impairment of assets held for sale shall be made.

For non-current assets or disposal groups that are classified as held for sale on the acquisition date, the initial measurement amount and the net amount of fair value minus selling expenses when they are not classified as held for sale are compared in the initial measurement, whichever is lower.

The above principles are applicable to all non-current assets, but do not include investment real estate with fair value model for subsequent measurement, biological assets with fair value minus selling expenses, assets formed by employee compensation, deferred income tax assets, financial assets regulated by accounting standards related to financial instruments, and rights arising from insurance contracts regulated by accounting standards related to insurance contracts.

#### 4.33 Fair value measurement

##### 4.33.1 Financial instruments that are not measured at fair value

Financial assets and liabilities not measured at fair value mainly include: receivables, short-term borrowings, payables, non-current liabilities and long-term borrowings due within one year, and investments in equity instruments that are not quoted in active markets and whose fair value cannot be reliably measured.

The carrying amount of the above-mentioned financial assets and liabilities that are not measured at fair value differs from the fair value of a small amount, or investments in equity instruments that are not quoted in an active market and whose fair value cannot be reliably measured are measured at cost in accordance with the Recognition and Measurement of Financial Instruments standards.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 4.33 Fair value measurement (Continued)

##### 4.33.2 Financial instruments measured at fair value

The Company's financial assets and liabilities measured at fair value mainly include: financial assets or financial liabilities measured at fair value through profit or loss, and financial assets available for sale.

When fair value is classified into three levels as a whole, it is based on the lowest of the three levels to which each of the significant inputs used in fair value measurement belongs. The three levels are defined as follows:

Level 1: It is an unadjusted quote in an active market for the same assets or liabilities that can be obtained on the measurement date;

Level 2: is the directly or indirectly observable input of the relevant asset or liability in addition to the input value of the first level;

Level 2 inputs include: 1) quotes for similar assets or liabilities in active markets, 2) quotes for identical or similar assets or liabilities in inactive markets, 3) observable inputs other than quotes, including interest rate and yield curves, implied volatility, and credit spreads that can be observed during normal quote intervals, and 4) inputs for market validation.

Level 3: is the unobservable input value of the underlying asset or liability.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 5.1 Changes in accounting policies

In order to objectively reflect the Company's financial position and operating results, it is approved by the Board of Directors of the Company. The 2023 Comparative Financial Statements have been restated as a result of changes and retrospective adjustments to the following accounting policies.

The nature and content of the change in accounting policy	Reasons for changes in accounting policies	note
From January 1, 2024, the Company will implement the provisions of the Interpretation No. 18 of Accounting Standards for Business Enterprises issued by the Ministry of Finance in 2024 on "In the contingencies of the Compilation of Guidance for the Application of Accounting Standards for Business Enterprises 2024 issued in March 2024, the estimated liabilities of the guarantee warranty are debited from the accounts of "main business costs" and "other business costs".	When implementing the contents of this Interpretation for the first time, if the "sales expenses" are included in the original provision for guarantee quality assurance, an enterprise shall, in accordance with the relevant provisions of Accounting Standard for Business Enterprises No. 28 – Accounting Policies, Changes in Accounting Estimates and Correction of Errors, retrospectively adjust the changes in the accounting subjects and statement presentation items involved in the above-mentioned assurance quality assurance accounting treatment as changes in accounting policies.	1

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 5.1 Changes in accounting policies (Continued)

1. *Impact of the implementation of Enterprise Accounting Standard Interpretation No. 18 on the Company*

On December 6, 2024, the Ministry of Finance ("MOF") issued Interpretation No. 18 of the Accounting Standards for Business Enterprises ("ASBE") (Caijing [2024] No. 24, hereinafter referred to as "Interpretation No. 18"). The Company implemented Interpretation No. 18 from January 1, 2024, and the implementation of Interpretation No. 18 had no significant impact on the financial statements for the reporting period.

The Company made the following adjustments to the related items on the income statement:

Income Statement Item	pre-change	Year 2023	after change
		Cumulative impact amount (%)	
Main operating costs	25,579,533,200.43	116,150,632.23	25,695,683,832.66
Other operating costs	141,550,038.78	317,740.07	141,867,778.85
sales expense	622,165,587.64	-116,468,372.30	505,697,215.34
Total	26,343,248,826.85		26,343,248,826.85

#### 5.2 Changes in accounting estimates

There were no changes to the significant accounting estimates for the reporting period.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

### 6. TAXATION

The main taxable items of the Company and its subsidiaries are listed as follows:

#### 6.1 Turnover tax and additional taxes and fees

Tax Type	Tax basis	Tax rate(%)	Note
Value-added tax ("VAT")	Value-added tax payable shall be the difference obtained by the output taxes calculated on the basis of the revenue from the sale of goods and taxable services calculated by tax laws less the input taxes allowed to be deducted for the current period	3%、6%、9%、10%、13%、16%	
City construction and maintenance tax	Calculate by the actual payment on value-added tax and consumption tax	7%	

#### 6.2 Corporate income tax

Tax payer	rate of income tax (%)
Harbin Electric Co., Ltd. (Note 1)	15%
Harbin Steam Turbine Plant Co., Ltd. and its subsidiaries (Note 2)	15%
Harbin Electric Power Technology and Trade Co., Ltd	25%
Harbin Electric Machinery Factory Co., Ltd. and its subsidiaries (Note 3)	15%
Harbin Electric Power Generation Equipment National Engineering Research Center Co., Ltd. (Note 4)	15%
Harbin Electric Power Group Valve Co., Ltd. (Note 5)	15%
Harbin Boiler Works Co., Ltd. and its subsidiaries (Note 6)	15%
Harbin Electric Group (Qinhuangdao) Heavy Equipment Co., Ltd. (Note 8)	15%
Harbin Electric Group Finance Co., Ltd	25%
Harbin Electric International Engineering Co., Ltd. (Note 9)	15%
Harbin Electric Financial Leasing (Tianjin) Co., Ltd	25%
Harbin Electric Co., Ltd	25%
Harbin Electric Group Shanxi Environmental Protection Engineering Co., Ltd	25%
Harbin Electric Power Group Biomass Power Generation (Wangkui) Co., Ltd	25%
Harbin Electric Power Group Biomass Power Generation (Dehui) Co., Ltd	25%
Harbin Electric Science and Technology Co., Ltd	15%
Harbin Electric Materials Co., Ltd	25%

According to the relevant provisions of the Enterprise Income Tax Law, high-tech enterprises supported by the state shall be subject to enterprise income tax at a reduced rate of 15%.



## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

### 6. TAXATION (CONTINUED)

#### 6.2 Corporate income tax (Continued)

*Note 1:* Harbin Electric Co., Ltd. (Headquarters)

On October 16, 2023, the company obtained the "High-tech Enterprise Certificate" jointly issued by the Heilongjiang Provincial Department of Science and Technology, the Heilongjiang Provincial Department of Finance, the Heilongjiang Provincial State Taxation Bureau, and the Heilongjiang Provincial Local Taxation Bureau, (certificate number: GR 202323000783), which is valid for three years, and the enterprise income tax will be levied at a rate of 15% during the validity period.

*Note 2:* Harbin Steam Turbine Plant Co., Ltd. and its subsidiaries

On October 16, 2023, Harbin Steam Turbine Factory Co., Ltd. obtained the "High-tech Enterprise Certificate" jointly issued by the Heilongjiang Provincial Department of Science and Technology, the Heilongjiang Provincial Department of Finance and the Heilongjiang Provincial State Taxation Bureau (certificate number: GR 202323001078), which is valid for three years and is subject to enterprise income tax at a rate of 15% during the validity period.

On October 16, 2023, Harbin Steam Turbine Factory Auxiliary Engineering Co., Ltd. obtained the "High-tech Enterprise Certificate" jointly issued by the Heilongjiang Provincial Department of Science and Technology, the Heilongjiang Provincial Department of Finance and the Heilongjiang Provincial State Taxation Bureau, (certificate number: GR202323000092), which is valid for three years, and the enterprise income tax will be levied at a rate of 15% during the validity period.

*Note 3:* Harbin Electric Machinery Factory Co., Ltd. and its subsidiaries

On October 16, 2023, Harbin Electric Machinery Factory Co., Ltd. obtained the "High-tech Enterprise Certificate" jointly issued by the Heilongjiang Provincial Department of Science and Technology, the Heilongjiang Provincial Department of Finance, the Heilongjiang Provincial State Taxation Bureau, and the Heilongjiang Provincial Local Taxation Bureau, (certificate number: GR202323000242), which is valid for three years, and the enterprise income tax will be levied at a rate of 15% during the validity period.

On October 16, 2023, Harbin National Hydropower Equipment Engineering Technology Research Center Co., Ltd., a subsidiary of Harbin Electric Machinery Factory Co., Ltd., obtained the "High-tech Enterprise Certificate" GR202323000154 jointly issued by the Heilongjiang Provincial Department of Science and Technology, the Heilongjiang Provincial Department of Finance, the Heilongjiang Provincial State Taxation Bureau, and the Heilongjiang Provincial Local Taxation Bureau, which is valid for three years and is subject to enterprise income tax at a rate of 15% during the validity period.

*Note 4:* Harbin Electric Power Group Valve Co., Ltd

On October 16, 2023, Harbin Power Station Valve Co., Ltd. of Harbin Electric Power Group obtained the "High-tech Enterprise Certificate" jointly issued by the Heilongjiang Provincial Department of Science and Technology, the Heilongjiang Provincial Department of Finance, the Heilongjiang Provincial State Taxation Bureau, and the Heilongjiang Provincial Local Taxation Bureau, (certificate number: GR202323000447), which is valid for three years and is subject to corporate income tax at a rate of 15% during the validity period.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

### 6. TAXATION (CONTINUED)

#### 6.2 Corporate income tax (Continued)

*Note 5:* Harbin Boiler Plant Co., Ltd. and its subsidiaries

On October 16, 2023, Harbin Boiler Factory Co., Ltd. obtained the "High-tech Enterprise Certificate" jointly issued by the Heilongjiang Provincial Department of Science and Technology, the Heilongjiang Provincial Department of Finance, and the Heilongjiang Provincial Taxation Bureau of the State Administration of Taxation (certificate number: GR202323000390), which is valid for three years, and the enterprise income tax will be levied at a rate of 15% during the validity period.

On October 16, 2023, Harbin Boiler Plant Preheater Co., Ltd., a subsidiary of Harbin Boiler Plant Co., Ltd., obtained the "High-tech Enterprise Certificate" jointly issued by the Heilongjiang Provincial Department of Science and Technology, the Heilongjiang Provincial Department of Finance, and the Heilongjiang Provincial Taxation Bureau of the State Administration of Taxation (certificate number: GR202423000666), which is valid for three years and is subject to enterprise income tax at a rate of 15% during the validity period.

*Note 6:* Harbin Electric Group (Qinhuangdao) Heavy Equipment Company Ltd.

According to January 16, 2023, according to the document of Hebei High-tech Recognition [2023] No. 1, the leading group of Hebei Province High-tech Enterprise Recognition and Administration on the announcement of the High-tech Enterprises in Hebei Province in 2022, HEC (Qinhuangdao) Heavy Equipment Co., Ltd. obtained the approval of High-tech Enterprises, (Certificate No. GR202213003141), which is valid for three years, and within the period of validity The enterprise income tax is levied in accordance with the tax rate of 15%.

*Note 7:* Harbin Electric International Engineering Co., Ltd

On September 30, 2022, Harbin Electric International Engineering Co., Ltd. was awarded as a technologically advanced service enterprise with certificate number 20222301100001, and the enterprise income tax was levied at a rate of 15% this year according to the document of Finance and Taxation (2009) No. 63.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

## 7. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

### 7.1 Subsidiary

A total of 43 subsidiaries were included in the scope of the consolidated financial statements in the current period, mainly including:

Subsidiary's name	Type of enterprise	Level	Share of equity interests (%)	Share of voting rights (%)	Business nature	Paid-in capital
Harbin Steam Turbine Factory Co., Ltd	1	2	100.00	100.00	Limited Liability Company	2,703,212,892.68
Harbin Electric Power Technology and Trade Co., Ltd	1	2	55.56	55.56	Limited Liability Company	27,000,000.00
Harbin Electric International Engineering Co., Ltd	1	2	100.00	100.00	Limited Liability Company	750,000,000.00
Harbin Electric Machinery Factory Co., Ltd	1	2	100.00	100.00	Limited Liability Company	709,236,879.74
Harbin Electric Power Group Harbin Power Station Valve Co., Ltd	1	2	45.00	45.00	Limited Liability Company	177,777,600.00
Harbin Boiler Plant Co., Ltd	1	2	100.00	100.00	Limited Liability Company	746,852,893.28
Harbin Electric Group (Qinhuangdao) Heavy Equipment Co., Ltd	1	2	34.00	34.00	Limited Liability Company	2,322,700,061.08
Harbin Electric Group Finance Co., Ltd	2	2	55.00	55.00	Limited Liability Company	1,500,000,000.00
Harbin Harbin Electric Co., Ltd	1	2	100.00	100.00	Limited Liability Company	20,000,000.00
Harbin Electric Group Shanxi Environmental Protection Engineering Co., Ltd	1	2	51.00	51.00	Limited Liability Company	98,000,000.00
Harbin Electric Financial Leasing (Tianjin) Co., Ltd	1	2	80.00	80.00	Limited Liability Company	500,000,000.00
Harbin Electric Power Group Biomass Power Generation (Wangkui) Co., Ltd	1	2	100.00	100.00	Limited Liability Company	136,100,000.00
Harbin Electric Power Group Biomass Power Generation (Dehui) Co., Ltd	1	2	100.00	100.00	Limited Liability Company	138,910,000.00
Harbin Electric Science and Technology Co., Ltd	1	2	100.00	100.00	Limited Liability Company	20,000,000.00
Harbin Electric Materials Co., Ltd	1	2	100.00	100.00	Limited Liability Company	30,000,000.00

Type of business : 1 、 Domestic non-financial subsidiaries ; 2 、 Domestic financial subsidiaries ; 3 、 Overseas Subsidiaries ; 4 、 business unit ; 5 、 infrastructure unit ;

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 7.1 Subsidiary (Continued)

Compared with the previous period, the number of entities included in the scope of consolidated financial statements in the current period increased by 5 and decreased by 1, including:

Name	Registration	Business nature	Share of equity interests (%)	Share of voting rights (%)	Reasons why it is no longer included in the scope of the merger
Harbin Hadian Gas Station Limited Liability Company	Harbin	Retail sale of motor vehicle fuel	50.00	50.00	transfer of control

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

(In addition to the special note, the unit of amount is CNY, the Opening balance is Jan.1,2023)

#### 8.1 Monetary funds

Items	Closing balance	Opening balance
Cash on hand	384,197.08	741,771.46
Bank deposits	15,166,639,993.33	17,355,692,526.20
Other monetary funds	881,803,049.01	1,320,882,259.57
Total	16,048,827,239.42	18,677,316,557.23
Including:total amount of deposit abroad	220,165,258.77	227,879,826.76

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.1 Monetary funds (Continued)

Among them, the details of the monetary funds that are restricted in use due to mortgage, pledge or freezing, as well as those placed abroad and restricted in the repatriation of funds, are as follows:

Items	Closing balance	Opening balance
Bank acceptance deposit	71,818,963.13	387,309,849.91
Performance bonds	11,281,753.13	21,834,284.31
Term deposits or call deposits for security	20,000,000.00	20,000,000.00
Deposit of the Central Bank's statutory reserves	771,973,151.97	883,940,314.66
Total	875,073,868.23	1,313,084,448.88

As of December 31, 2024, the Company's monetary funds deposited abroad amounted to RMB220,165,258.77, mainly for the balance of funds allocated to overseas project sites by Harbin Electric International Engineering Co., Ltd., Harbin Electric Machinery Factory Co., Ltd. and Harbin Hadian Electric Company Limited. Subsidiaries of the Company.

#### 8.2 Held for trading financial assets

Items	Closing balance	Opening balance
Classification of financial assets at fair value through profit or loss	2,000,000.00	603,149,819.44
Among them: investment in debt instruments		
Equity Instrument Investment		
other	2,000,000.00	603,149,819.44
A financial asset designated as a financial asset at fair value through profit or loss		
Among them: investment in debt instruments		
other		
Total	2,000,000.00	603,149,819.44

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.3 Notes receivable

##### 8.3.1 List of notes receivable by category

Item	Closing balance			Opening balance		
	Book value	Provision for bad debts	Net book value	Book value	Provision for bad debts	Net book value
Bank acceptance bills	890,338,511.77		890,338,511.77	475,560,305.10		475,560,305.10
Commercial acceptance bills	285,904,517.64		285,904,517.64	499,771,500.58		499,771,500.58
Total	1,176,243,029.41		1,176,243,029.41	975,331,805.68		975,331,805.68

##### 8.3.2 Notes receivable endorsed or discounted by the Company as at December 31, 2024 but not expired on the balance sheet date

Items	Amount derecognized as at December 31, 2024	Amount not derecognized as at December 31, 2024
Bank acceptance bills	1,722,279,665.25	
Commercial acceptance bills	99,642,135.98	142,787,303.93
Total	1,821,921,801.23	142,787,303.93

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.4 Accounts receivable

##### 8.4.1 Disclosure of accounts receivable by aging

Aging	Closing balance	Opening balance
Within 1 year	3,672,916,302.04	4,919,786,552.26
1 – 2 years	1,154,570,404.45	1,867,997,507.76
2 – 3 years	1,020,994,741.49	1,272,216,967.07
Over 3 years	3,249,961,844.75	3,458,619,283.72
Sub-total	9,098,443,292.73	11,518,620,310.81
Less: provision for bad debts	3,944,121,162.70	4,357,395,716.63
Total	5,154,322,130.03	7,161,224,594.18

##### 8.4.2 Accounts receivable classified disclosure

Category	Book balance		Closing balance		Book balance
	Amount	Proportion (%)	Provision for bad debts	Proportion of provision (%)	
Individual provision for bad debts	1,798,600,833.60	19.77	817,157,376.10	45.43	981,443,457.50
Provision for bad debts accrued on a portfolio basis	7,299,842,459.13	80.23	3,126,963,786.60	42.84	4,172,878,672.53
Including : aging portfolio	7,299,842,459.13	80.23	3,126,963,786.60	42.84	4,172,878,672.53
Total	9,098,443,292.73		3,944,121,162.70		5,154,322,130.03

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.4 Accounts receivable (Continued)

##### 8.4.2 Accounts receivable classified disclosure (Continued)

(Continued):

Category	Book balance		Opening balance		Book balance
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Individual provision for bad debts	2,001,911,361.77	17.38	982,578,676.02	49.08	1,019,332,685.75
Provision for bad debts accrued on a portfolio basis	9,516,708,949.04	82.62	3,374,817,040.61	35.46	6,141,891,908.43
Including : aging portfolio	9,516,708,949.04	100.00	3,374,817,040.61	35.46	6,141,891,908.43
Total	11,518,620,310.81		4,357,395,716.63		7,161,224,594.18

##### 8.4.3 Individual provision for bad debts

Name	Book balance	Provision for bad debts	Proportion of provision (%)	Reason for provision
Great Leader Cogeneration (Pty) Ltd	328,094,835.54	15,598,886.08	4.75	Long-term uncollected
China Shipbuilding Corporation Seventy-third Research Institute	299,776,050.00	58,474,443.75	19.51	Key Engineering Products
Ministry of National Water Resources and Irrigation of the Republic of the Sudan	284,228,665.97	284,228,665.97	100.00	Long-term uncollected
Indian Coast Energy	137,389,161.13	137,389,161.13	100.00	Low probability of recovery
Harbin Guanghan Power Technology Development Co.	95,164,496.87	7,043,375.00	7.40	Key Engineering Products
Kolin, owner of the Soma project in Turkey	86,914,957.49	19,349,727.68	22.26	Long-term uncollected
Sudan National Electricity Company	56,068,298.26	56,068,298.26	100.00	Long-term uncollected



## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.4 Accounts receivable (Continued)

##### 8.4.3 Individual provision for bad debts (Continued)

Name	Book balance	Provision for bad debts	Proportion of provision (%)	Reason for provision
China Energy Construction Group Tianjin Electric Power Construction Co.	49,000,000.00	24,500,000.00	50.00	Difficulty in paying back
Ministry of Electricity and Dams, Sudan	39,911,786.93	39,911,786.93	100.00	Long-term uncollected
Ordos Green Energy Photovoltaic Co.	31,722,892.87	31,722,892.87	100.00	Difficulty in paying back
Datang Environmental Industry Group Co., Ltd. Leizhou Project Branch Company	27,384,367.22	27,384,367.22	100.00	Difficulty in paying back
Ningxia Kunpeng Clean Energy Co.	24,120,000.00	24,120,000.00	100.00	Difficulty in paying back
Sudanese Thermal Power Company, Ministry of Dams	16,366,823.00	16,366,823.00	100.00	Long-term uncollected
Linyi Hengnew Energy Group Co.	13,279,000.00	13,279,000.00	100.00	Difficulty in paying back
Sun Yumin	8,125,147.25	8,125,147.25	100.00	be involved in a lawsuit
Yunnan Kenfeng Agricultural Machinery Equipment Co.	6,722,937.26	6,722,937.26	100.00	The enterprise was written off
Binjiasheng Project	6,265,180.82	6,063,248.22	96.78	Not expected to be fully recovered
Ordos Green Energy Photovoltaic Co.	5,860,000.00	5,860,000.00	100.00	Difficulty in paying back
Beijing Huafu Engineering Co.	4,727,200.00	4,727,200.00	100.00	reorganization

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.4 Accounts receivable (Continued)

##### 8.4.3 Individual provision for bad debts (Continued)

Name	Book balance	Provision for bad debts	Proportion of provision (%)	Reason for provision
China Energy Conservation (Beijing) Energy Saving and Environmental Protection Engineering Co.	4,349,800.00	3,479,840.00	80.00	Difficulty in paying back
Qu Baogang	3,816,755.00	3,816,755.00	100.00	buyback
Weiming Environmental Protection Equipment Group Co.	3,199,000.00	2,559,200.00	80.00	Difficulty in paying back
Heilongjiang Fudi Trading Co.	2,692,004.50	2,692,004.50	100.00	The enterprise was written off
Yu Zhigang	1,717,632.48	1,717,632.48	100.00	be involved in a lawsuit
China Energy Conservation (Hegang) Environmental Protection Energy Co.	1,690,000.00	1,352,000.00	80.00	Difficulty in paying back
Hanlan Engineering & Technology Co.	1,688,000.00	1,350,400.00	80.00	Difficulty in paying back
Guo Shuyi	1,483,279.00	1,483,279.00	100.00	be involved in a lawsuit
Heilongjiang Jiusan Nongken Junwei Agricultural Machinery Sales Limited Liability Company	1,378,811.00	1,378,811.00	100.00	be involved in a lawsuit
Jiangsu Fenghai New Energy Engineering Technology Co.	1,300,000.00	1,300,000.00	100.00	Long-term pending accounts
Liu Hongkun	1,177,685.93	1,177,685.93	100.00	buyback
Nanjing Chuangneng Power Technology Development Co.	1,000,000.00	800,000.00	80.00	Difficulty in paying back
Other	38,750,867.49	7,113,807.57	18.36	Difficulty in paying back
Total	1,798,600,833.60	817,157,376.10		

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.4 Accounts receivable (Continued)

##### 8.4.4 Provision for bad debts accrued on a portfolio basis

*Aging combination*

Aging	Closing balance			Opening balance		
	Book balance		Provision for bad debts	Book balance		Book balance
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 1 year	2,871,527,073.94	39.34	126,226,781.90	4,273,253,210.83	44.90	211,685,577.58
1 – 2 years	907,912,509.64	12.44	305,723,299.45	1,609,775,648.45	16.92	397,731,007.43
2 – 3 years	961,528,804.63	13.17	466,620,989.85	1,012,387,350.16	10.64	490,402,864.02
Over 3 years	2,558,874,070.92	35.05	2,228,392,715.40	2,621,292,739.60	27.54	2,274,997,591.58
Total	7,299,842,459.13	—	3,126,963,786.60	9,516,708,949.04	—	3,374,817,040.61

##### 8.4.5 Provision for bad debts recovered or reversed

The provision for bad debts was reversed or recovered in the current period of RMB109,673,250.00 °

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.4 Accounts receivable (Continued)

##### 8.4.6 Accounts receivable actually charged off in 2024

Name of the debtor	Nature of accounts receivable	Write-off amount	Reason for write-off	Write-off procedures for fulfillment	Whether it arises from a related party transaction
Inner Mongolia Hongyu Technology Co.	Completion payment	17,479,632.85	Counterparty's bankruptcy and liquidation completed	Board decision-making	No
Jutai Energy Inner Mongolia Co.	accounts receivable	6,500.00	Insufficient arrears clearance income to cover arrears clearance costs	General Manager's Office of the Company	No
Xi'an High Voltage Apparatus Research Institute Limited Liability Company Repair Contract (2006 Electricity 001, 2009 Auto Parts 13)	Payment	62,400.00	Insufficient arrears clearance income to cover arrears clearance costs	General Manager's Office of the Company	No
Fengtian Hydropower Plant of State Grid Hunan Electric Power Co. Ltd. (HESC-D15-0296)	Payment	4,750.00	Insufficient arrears clearance income to cover arrears clearance costs	General Manager's Office of the Company	No
Fushun Mining Zhongji Cogeneration Limited Liability Company (2017XPH048)	Payment	9,600.00	Insufficient arrears clearance income to cover arrears clearance costs	General Manager's Office of the Company	No
Guizhou Wujiang River Hydropower Development Co., Ltd., Suofengying Power Plant (2006xpf25 hydropower services)	Payment	3,697.47	Insufficient arrears clearance income to cover arrears clearance costs	General Manager's Office of the Company	No
Diheyan Hydropower Plant Hydrogenerator Set Thrust Tile Production Contract (2007 Water Distribution 0720)-Hubei Qingjiang Hydropower Development Co.	Payment	238,000.00	Bad debt write-offs for accounts receivable where losses do occur	General Manager's Office of the Company	No
Sichuan Jingfarui Heavy Machinery Co.	Payment	526,700.00	Bad debt write-offs for accounts receivable involved in litigation	General Manager's Office of the Company	No
Total	—	18,331,280.32	—	—	—

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.4 Accounts receivable (Continued)

8.4.7 Top 5 of accounts receivable as at December 31, 2024, presented by debtor

Debtor	Book balance	Proportion in the total accounts receivables (%)	Provision for bad debts
Great Leader Cogeneration (Pty) Ltd	311,977,721.67	3.43	15,598,886.08
China Shipbuilding Corporation Seventy-third Research Institute	299,776,050.00	3.29	58,474,443.75
Ministry of National Water Resources and Irrigation of the Republic of the Sudan	284,228,665.97	3.12	284,228,665.97
Luoyang Wanzhong Jili Thermal Power Co.	185,070,444.00	2.03	185,070,444.00
Yunnan Province Yunnan-China Water Diversion Engineering Co.	160,932,149.86	1.77	8,046,607.49
Total	1,241,985,031.50	13.65	551,419,047.29

#### 8.5 Receivables financing

Items	Closing balance	Opening balance
Notes receivable	12,182,047.12	10,194,291.30
Accounts receivable		
Total	12,182,047.12	10,194,291.30

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.6 Prepayments

Ages	Closing balance			Opening balance		
	Book balance		Provision for bad debts	Book balance		Book balance
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 1 year	6,522,653,103.93	75.31	5,078,421.56	6,923,120,286.79	86.30	5,078,421.56
1 – 2 years	1,797,880,212.63	20.76		737,720,596.96	9.20	
2 – 3 years	272,562,846.55	3.15		257,279,041.53	3.21	
Over 3 years	67,739,881.92	0.78	1,721,470.85	103,723,023.51	1.29	1,732,617.80
Total	8,660,836,045.03	—	6,799,892.41	8,021,842,948.79	—	6,811,039.36

##### 8.6.1 Large advance payments over one year

Creditor unit	Debt unit	Closing balance	Aging	Reason for unsettled
Harbin Turbine Works Co.	MITSUBISHIHEAVYINDUSTRIES, LTD	229,531,743.81	1-2 Year	Not yet settled
Harbin Electric Machinery Factory Limited Liability Company	Heilongjiang Construction and Installation Group Co.	125,937,738.40	1-3Year	Contract not yet executed
Harbin Electric Machinery Factory Limited Liability Company	Shenyang TISCO Stainless Steel Processing & Sales Co.	115,853,065.41	1-3Year	Contract not yet executed
Harbin Electric Machinery Factory Limited Liability Company	Beijing Guodian Hydropower Engineering Co.	107,432,056.50	1-3Year	Contract not yet executed
Harbin Boiler Plant Limited Liability Company	Shandong Ming Sheng Environmental Protection Technology Co.	104,976,000.00	1-2Year	Not yet settled
Harbin Turbine Works Co.	GEGlobalPartsandProductsGMBH	92,561,745.96	1-2Year	Not yet settled
Harbin Electric Machinery Factory Limited Liability Company	Shenyang Baosteel Northeast Trading Co.	78,985,471.54	1-3Year	Contract not yet executed
Harbin Electric Machinery Factory Limited Liability Company	ANDRITZ (China) Co.	75,894,319.06	1-3Year	Contract not yet executed
Harbin Turbine Works Co.	Ansteel Corporation	37,217,794.51	1-2Year	Not yet settled
Harbin Turbine Works Co.	Mitsubishi Corporation, Japan	31,757,184.62	Over 5Year	Not yet settled
Harbin Turbine Works Co.	FOMASS.p. A.	30,482,994.04	1-2Year	Not yet settled
Harbin Boiler Plant Limited Liability Company	GoldTripodZhenLong(HongKong)Li	27,023,867.15	1-2Year	Not yet settled
Harbin Boiler Plant Limited Liability Company	POWELLTECHNOLOGYENGINEERINGCO., L	23,878,142.25	1-2Year	Not yet settled

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.6 Prepayments (Continued)

##### 8.6.1 Large advance payments over one year (Continued)

Creditor unit	Debt unit	Closing balance	Aging	Reason for unsettled
Harbin Boiler Plant Limited Liability Company	Ruibiao Jinde (Dalian) International Freight Forwarding Co.	21,670,243.36	1-2Year	Not yet settled
Harbin Boiler Plant Limited Liability Company	KSBLIMITED	19,394,210.01	1-2Year	Not yet settled
Harbin Electric International Engineering Co.	Hubei Hongcheng General Machinery Co.	16,818,330.00	1-2Year	Contract not yet executed
Harbin Electric International Engineering Co.	Atlas. Copco (Shanghai) Trading Co.	15,210,000.00	1-2Year	Contract not yet executed
Harbin Boiler Plant Limited Liability Company	UnionBrightTechnology(China)Limit	14,744,697.95	1-2Year	Not yet settled
Hadian Group (Qinhuangdao) Heavy Equipment Co.	Arigato Engineering & Technology Research Institute Co.	11,040,000.00	1-2Year	Contract not yet executed
Hadian Group (Qinhuangdao) Heavy Equipment Co.	Anhui Yingliu Jiun yuan Nuclear Energy New Material Technology Co.	5,455,606.97	1-2Year	Contract not yet executed
Hadian Group Biomass Power Generation (Wangkui) Co.	Hadian Group Biomass Power Generation (Fuyuan) Co.	5,000,000.00	3Year以上	Not yet settled
Harbin Electric International Engineering Co.	Weinfa (Beijing) Technology Development Co.	4,717,500.00	1-2Year	Contract not yet executed
Harbin Turbine Works Auxiliary Engineering Co.	Ebara Machinery Zibo Co.	4,359,000.00	2-3Year	Not yet settled
Harbin Electric Power Science and Trade Co.	Shanghai Kesby Pump Co.	3,157,735.64	1-2Year	Not yet settled
Hadian Group (Qinhuangdao) Heavy Equipment Co.	Sichuan Kexin Electromechanical Co.	2,943,716.80	1-2Year	Contract not yet executed
Harbin Electric International Engineering Co.	Beijing Sifang Relay Automation Co.	2,727,600.00	1-2Year	Contract not yet executed
Harbin Electric Factory (Zhenjiang) Limited Liability Company	Xi'an Fuxin Energy Engineering Co.	2,633,113.21	1-2Year	Project not completed
Harbin Electric Factory (Zhenjiang) Limited Liability Company	Harbin Yunchuan Power Station Equipment Manufacturing Co.	2,335,888.50	2-3Year	Project not completed
Harbin Electric Factory (Zhenjiang) Limited Liability Company	Hebei Liancheng Technology Co.	2,063,115.10	3-4Year	Project not completed
Hadian Group (Qinhuangdao) Heavy Equipment Co.	MITSUBISHI HEAVY INDUSTRIES, LTD	1,835,104.32	1-2Year ; 2-3Year	Contract not yet executed
Hadian Group (Qinhuangdao) Heavy Equipment Co.	U-Link New Light Technology (Beijing) Co.	1,747,585.62	1-2Year	Contract not yet executed
Harbin Electric Factory (Zhenjiang) Limited Liability Company	Hebei Liancheng Technology Co.	1,465,486.80	2-3Year	Project not completed
Total		1,221,949,076.40	-	-

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.6 Prepayments (Continued)

8.6.2 Top 5 of advances to suppliers as at December 31, 2024, presented by supplier

Entity name	Proportion in the total advances to suppliers	
	Closing balance	Provision for bad debts (%)
GEGlobalPartsandProductsGMBH	595,689,403.00	6.88
FOMASS.p. A.	309,508,097.77	3.57
MITSUBISHIHEAVYINDUSTRIES, LTD	292,059,046.41	3.37
Heilongjiang Construction and Installation Group Co.	227,402,382.56	2.63
Shenyang TISCO Stainless Steel Processing & Sales Co.	222,341,065.41	2.57
Total	1,646,999,995.15	19.02

#### 8.7 Other receivables

Items	Closing balance	Opening balance
Interest receivable	9,019,882.59	32,817,261.82
Dividends receivable	4,681,732.00	260,014.64
Others receivables	1,114,247,998.56	1,300,026,234.39
Total	1,127,949,613.15	1,333,103,510.85

Note: Other receivables in the above table refer to other receivables after deducting interest receivable and dividends receivable.



## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.7 Other receivables (Continued)

##### 8.7.1 Interest receivable

*Classification of interest receivable*

Items	Closing balance	Opening balance
Time deposit		
Bond investment		
Others	9,019,882.59	32,817,261.82
Total	9,019,882.59	32,817,261.82

##### 8.7.2 Dividends receivable

Items	Closing balance	Opening balance	Reasons for non-recovery	Whether impairment has occurred and the basis for judging it
Dividends receivable less than one year old	4,681,732.00	260,014.64	–	–
Heilongjiang Xintianhadian New Energy Investment Co., Ltd		260,014.64	Dividend not paid	No
Harbin Huitong Electric Power Engineering Co.	4,681,732.00		Dividend not paid	No
Dividends receivable that are more than one year old			–	–
Total	4,681,732.00	260,014.64	–	–

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.7 Other receivables (Continued)

##### 8.7.3 Other receivables

##### 8.7.3.1 Disclosure by aging

Aging	Closing balance	Opening balance
Within 1 year	362,116,920.85	320,542,406.67
1 – 2 years	212,826,206.96	431,695,277.94
2 – 3 years	183,899,689.50	473,604,212.51
Over 3 years	689,791,641.42	483,950,287.58
Total	1,448,634,458.73	1,709,792,184.70
Less: provision for bad debts	334,386,460.17	409,765,950.31
Total	1,114,247,998.56	1,300,026,234.39

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.7 Other receivables (Continued)

##### 8.7.3 Other receivables (Continued)

##### 8.7.3.2 Other receivable classified disclosures

Category	Closing balance				
	Book balance		Provision for bad debts		Book balance
	Amount	Proportion (%)	Amount	Proportion (%)	
Individual provision for bad debts	1,168,210,853.34	80.64	119,684,068.75	10.25	1,048,526,784.59
Provision for bad debts accrued on a portfolio basis	280,423,605.39	19.36	214,702,391.42	76.56	65,721,213.97
Including: aging portfolio	280,423,605.39	19.36	214,702,391.42	76.56	65,721,213.97
Total	1,448,634,458.73	–	334,386,460.17	–	1,114,247,998.56

  

Category	Opening balance				
	Book balance		Provision for bad debts		Book balance
	Amount	Proportion (%)	Amount	Proportion (%)	
Individual provision for bad debts	1,422,555,489.93	83.20	198,110,869.91	13.93	1,224,444,620.02
Provision for bad debts accrued on a portfolio basis	287,236,694.77	16.80	211,655,080.40	73.69	75,581,614.37
Including: aging portfolio	287,236,694.77	16.80	211,655,080.40	73.69	75,581,614.37
Total	1,709,792,184.70	–	409,765,950.31	–	1,300,026,234.39

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.7 Other receivables (Continued)

##### 8.7.3 Other receivables (Continued)

##### 8.7.3.3 Other receivables for which expected credit losses are separately accrued

The name of the organization	Book balance	Closing balance		Reason for provision
		Provision for bad debts	Expected credit loss ratio (%)	
China Construction Third Bureau Second Construction Engineering Co. and CSCECMIDDLEEASTLLC	357,892,940.15			Determination based on recoverability
Zhongcheng Town & Country (Yantai) LNG Co.	106,296,339.57			Determination based on recoverability
Export tax refunds receivable	96,217,520.00			Determination based on recoverability
reserve fund	89,025,409.42	432,000.00	0.49	Determination based on recoverability
Haxiang Coal-Fired Power Plant Project Company	35,786,407.23			Determination based on recoverability
Harbin Electric Group Marine Intelligent Equipment Co.	26,000,000.00			Determination based on recoverability
R.H. SHIPPING&CHARTERING, S.deR. L.deC. V.	25,571,908.30			Determination based on recoverability
Auxiliary Company Conversion	16,903,200.00	16,903,200.00	100.00	Higher risk of recovery
WAPDA	16,016,131.41			Determination based on recoverability
Jilin Dehui Economic Development ZoneManagement Committee	14,560,298.28			Determination based on recoverability
Jamshoro tariff advances	12,794,812.94			Determination based on recoverability
Daqing Ruihao Energy Technology Co.	11,961,538.80	11,961,538.80	100.00	Long pending accounts

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.7 Other receivables (Continued)

##### 8.7.3 Other receivables (Continued)

##### 8.7.3.3 Other receivables for which expected credit losses are separately accrued (Continued)

The name of the organization	Book balance	Closing balance		Reason for provision
		Provision for bad debts	Expected credit loss ratio (%)	
Harbin Left Bank Economic and Trade Co.	11,759,270.00			Determination based on recoverability
Harbin Electric Machinery Factory Electromechanical Industry Company	10,515,676.92	10,515,676.92	100.00	Not expected to be recovered
Xinhua Control Engineering Co.	9,238,960.00	9,238,960.00	100.00	Higher risk of recovery
Jamshoro Power Ltd.	8,678,702.55			Determination based on recoverability
Project Owner, Palooka National Power Parks Management Company(pvt.) Limited	7,458,877.61	7,058,659.29	94.63	Determination based on recoverability
Tax Bureau	6,623,250.60			Determination based on recoverability
National Electricity Company of Mexico	6,454,832.83			Determination based on recoverability
KERRYFREIGHTPAKISTAN(PVT)LTD	6,148,535.29			Determination based on recoverability
PKGINTER NATIONAL SHIPPING&LOGISTICS LTD	5,876,755.09			Determination based on recoverability
TURBINEPARTSMANUFACTURERSALLIAN	5,499,952.80	5,499,952.80	100.00	Higher risk of recovery
Harbin Turbine Power Station Auxiliary Engine General Factory	4,861,479.49	4,861,479.49	100.00	Higher risk of recovery
Qingdao Jiehneng Bills Receivable	4,500,000.00	4,500,000.00	100.00	Higher risk of recovery
GENELMAKINATICARETVESANAYIA. S.	4,464,112.86			Determination based on recoverability
ELYSEEIRRIGATIONLTD	4,265,999.11			Determination based on recoverability

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.7 Other receivables (Continued)

##### 8.7.3 Other receivables (Continued)

##### 8.7.3.3 Other receivables for which expected credit losses are separately accrued (Continued)

The name of the organization	Book balance	Closing balance		Reason for provision
		Provision for bad debts	Expected credit loss ratio (%)	
Harbin General Gas Turbine (Qinhuangdao) Co.	4,200,678.66			Determination based on recoverability
Daqing Longjiang Wind Power Co.	3,920,000.00	3,920,000.00	100.00	Long pending accounts
Nanjing High Precision Marine Equipment Co.	3,916,910.00	3,916,910.00	100.00	Higher risk of recovery
GEGlobalParts&ProductsGmbH	3,755,440.84	3,755,440.84	100.00	Determination based on recoverability
Great Leader Cogeneration (Pty) Ltd	3,742,927.29	996,740.66	26.63	Determination based on recoverability
One-time customers	3,650,877.30			Determination based on recoverability
Government of Esmeralda, Ecuador	3,577,335.37			Determination based on recoverability
Bangladesh Electricity Authority	3,478,547.70	3,478,547.70	100.00	Determination based on recoverability
Provincial Technology Import and Export Corporation	3,265,770.17	3,265,770.17	100.00	Higher risk of recovery
margin	3,165,909.46			risk-free
Prepayments transferred to bad debts	3,081,715.60	3,081,715.60	100.00	Long pending accounts
ModernKartonSanayiveTicaretA. S.	3,010,280.00			Determination based on recoverability
Xiangfang District Government	2,872,277.06			Determination based on recoverability
Mainland China	2,799,867.02			Determination based on recoverability
Harbin Import and Export Trade and Transportation Co.	2,717,000.00	2,717,000.00	100.00	Higher risk of recovery

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.7 Other receivables (Continued)

##### 8.7.3 Other receivables (Continued)

##### 8.7.3.3 Other receivables for which expected credit losses are separately accrued (Continued)

The name of the organization	Book balance	Closing balance		Reason for provision
		Provision for bad debts	Expected credit loss ratio (%)	
CCCC Second Navigation Engineering Survey and Design Institute Co.	2,640,149.85			Determination based on recoverability
Ecuadorian State-owned Electricity Holding Company	2,578,109.60	2,240,045.33	86.89	Determination based on recoverability
Foreign site	2,550,346.61			Determination based on recoverability
Employee Reimbursement	2,383,693.65			Determination based on recoverability
Fuyuan City Bureau of Commerce and Ports utilities	2,244,921.40 2,162,732.95			personal accruals Determination based on recoverability
HERRERAMIERS. C.	2,133,157.70			Determination based on recoverability
tender deposit	1,998,000.00			Determination based on recoverability
Hadian (Dalian) Electric Power Design Co.	1,955,197.20			Determination based on recoverability
HABIBBANKLTD	1,936,500.00			Determination based on recoverability
China Coal Shaanxi Yulin Energy Chemical Co.	1,807,781.73	1,807,781.73	100.00	Higher risk of recovery
Other accounts receivable \ other receivables transferred from abroad	1,785,537.99			Related parties do not accrue

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.7 Other receivables (Continued)

##### 8.7.3 Other receivables (Continued)

##### 8.7.3.3 Other receivables for which expected credit losses are separately accrued (Continued)

The name of the organization	Book balance	Closing balance		Reason for provision
		Provision for bad debts	Expected credit loss ratio (%)	
Vietnam Gold Mining Vessel	1,711,798.72	1,711,798.72	100.00	Not expected to be recoverable
Harbin Ausri Technology Development Co.	1,687,125.00	1,297,291.06	76.89	Determination based on recoverability
Individual temporary loans	1,429,792.26			Determination based on recoverability
HABIBRAFIQ(PVT)LTD	1,374,062.94			Determination based on recoverability
Electricity and natural gas	1,237,111.53			Determination based on recoverability
Hadyu District Turbine Equipment Fittings Factory	1,223,712.04	1,223,712.04	100.00	Higher risk of recovery
Manzanillo Live	1,012,729.37			Determination based on recoverability
Others	175,829,945.08	15,299,847.60	8.70	Determination based on recoverability
Total	1,168,210,853.34	119,684,068.75	-	-



## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.7 Other receivables (Continued)

##### 8.7.3 Other receivables (Continued)

8.7.3.4 Other receivables for which provision for bad debts is made according to the combination of credit risk characteristics

Other receivables that use the ageing portfolio to provide for expected credit losses

Aging	Closing balance			Opening balance		
	Book balance		Provision for bad debts	賬面餘額		Book balance
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 1 year	52,189,861.36	18.61	2,580,471.45	45,584,458.34	15.87	2,273,990.06
1 – 2 years	619,882.53	0.22	138,217.48	3,657,961.80	1.27	894,439.01
2 – 3 years	2,440,354.05	0.87	1,220,177.03	21,964,502.09	7.65	10,969,932.30
Over 3 years	225,173,507.45	80.30	210,763,525.46	216,029,772.54	75.21	197,516,719.03
Total	280,423,605.39	–	214,702,391.42	287,236,694.77	–	211,655,080.40

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.7 Other receivables (Continued)

##### 8.7.3 Other receivables (Continued)

8.7.3.5 Provision for bad debts of other receivables accrued, recovered or reversed in the current period

Provision for bad debts	Phase 1	Phase 2	Phase 3	Total
	Expected credit losses over the next 12 months	Expected credit losses over the entire duration (no credit impairment occurred)	Expected credit loss over the entire duration (credit impairment incurred)	
Opening balance	352,233,079.61		57,532,870.70	409,765,950.31
The opening balance is in the current period	130,957,641.32		57,448,149.34	188,405,790.66
– Move to the second stage				
– Move to the third stage				
– Move to the second stage				
– Move to the first stage				
Accrual for the current period	54,734,391.35		4,369,101.54	59,103,492.89
This issue is reversed	-131,409,524.51		-696,689.52	-132,106,214.03
Resold in this period	-2,374,269.00			-2,374,269.00
Write-off in the current period			-2,500.00	-2,500.00
Other changes				
Closing balance	273,183,677.45		61,202,782.72	334,386,460.17

##### 8.7.3.6 Provision for bad debts recovered or reversed

The provision for bad debts was reversed or recovered in the current period of RMB89,960,033.02.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.7 Other receivables (Continued)

##### 8.7.3 Other receivables (Continued)

##### 8.7.3.7 Other receivables actually written off during the reporting period

Entity name	Nature of other receivables	Amount written off	Reason for write-off	Write-off procedures performed	Whether it is due to related party transactions
OOC Valve Equipment Co.	Advances on procurement contracts	2,500.00	Counterparty's business license is revoked, and at the same time, the income from liquidation is not sufficient to cover the cost of liquidation	Collective decision-making of the company	No
Total		2,500.00			

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.7 Other receivables (Continued)

##### 8.7.3 Other receivables (Continued)

##### 8.7.3.8 The top five other receivables classified by debtor

Entity name	Nature of payment	Balance as at December 31, 2023	Aging	Proportion in the total ending balance of other receivables (%)	Ending balance of provision for bad debts
China Construction Third Bureau Second Construction Engineering Co. and CSCECMIDDLEEASTLLC	Procurement on Behalf of the Third Bureau of the Hasijan Project	357,656,070.91	3-4 Year	24.69	
Zhongcheng Town & Country (Yantai) LNG Co.	Yantai Project Deposit	106,296,339.57	2-3 Year	7.34	
Haxiang Coal-Fired Power Plant Project Company	Owner's Suspension of Deductions	35,786,407.23	within 1 Year 、 1-2 Year 、 2-3 Year 、 3-4 Year	2.47	
Harbin Electric Machinery Factory Electromechanical Industry Company	Project funds	26,872,940.28	Over 5 Year	1.86	
Harbin Electric Group Marine Intelligent Equipment Co.	Project funds	26,000,000.00	within 1 Year	1.79	
Total	-	552,611,757.99	-	38.15	

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.8 Financial assets purchased under agreements to resell

Items	Closing balance	Opening balance
Security		
Bill		
Loan		
Total	600,000,000.00	1,800,000,000.00
Less: provision for bad debts	15,000,000.00	45,000,000.00
Total	585,000,000.00	1,755,000,000.00

#### 8.9 Inventories

##### 8.9.1 Classification of inventories

Items	Closing balance			Opening balance		
	Book balance	Provision for depreciation	賬面價值	Book balance	Provision for depreciation	賬面價值
Raw materials	4,680,342,215.34	191,312,806.54	4,489,029,408.80	3,871,784,575.55	226,181,022.80	3,645,603,552.75
Self-manufactured semi-finished products and goods in process	10,057,994,849.70	229,327,005.73	9,828,667,843.97	7,292,889,033.28	240,798,789.31	7,052,090,243.97
Stock commodities (finished goods)	175,570,931.54	25,578,068.24	149,992,863.30	167,818,559.61	30,568,164.16	137,250,395.45
Turnover materials (packaging, low-value consumables, etc.)	29,812,625.84	626,068.89	29,186,556.95	18,623,397.68	152,078.12	18,471,319.56
Contract performance costs	230,662,821.19	145,759,968.10	84,902,853.09	226,024,933.52	102,692,029.70	123,332,903.82
Total	15,174,383,443.61	592,603,917.50	14,581,779,526.11	11,577,140,499.64	600,392,084.09	10,976,748,415.55

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.10 Contract assets

##### 8.10.1 Breakdown of Contract assets

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	賬麵價值	Book balance	Provision for impairment	賬麵價值
Unexpired warranty	6,962,373,853.34	833,715,481.84	6,128,658,371.50	4,228,230,467.88	872,378,423.54	3,335,852,044.34
Completed unsettled amounts that were originally credited to inventory	4,101,434,908.17	351,081,097.22	3,750,353,810.95	4,709,267,353.23	328,156,266.12	4,381,111,087.11
Total	11,063,808,761.51	1,184,796,579.06	9,879,012,182.45	8,937,497,821.11	1,200,534,689.66	7,736,963,131.45

##### 8.10.2 Provision for impairment of contract assets in 2023

Items	Opening balance	Increased in the current period	Decrease in the current period	Closing balance
Unexpired warranty	882,289,144.13	24,359,126.71	72,932,789.00	833,715,481.84
Completed unsettled amounts that were originally credited to inventory	318,245,545.53	32,835,551.69		351,081,097.22
Total	1,200,534,689.66	57,194,678.40	72,932,789.00	1,184,796,579.06

#### 8.11 Non-current assets due within one year

Items	Closing balance	Opening balance
Long-term receivables that are due within one year	385,009,784.79	337,324,237.05
Long-term amortized expenses due within one year	3,611,567.40	
Other debt investments due within one year		309,238.35
Total	388,621,352.19	337,633,475.40

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.12 Other current asset

Items	Closing balance	Opening balance
Entrusted loans	195,000,000.00	225,000,000.00
Input tax to be deducted and advance tax to be paid	430,687,750.16	464,826,783.76
Other debt investments	1,971,602,700.00	2,339,082,902.00
Bills of acceptance for bill pools	1,531,507.37	15,404,221.89
Other		574,270.60
Total	2,598,821,957.53	3,044,888,178.25

#### 8.13 Other debt investments

Items	Opening balance	Accrued interest	Change in fair value for the period	Closing balance	Cost	Cumulative change in fair value	Provision for losses accrued in other comprehensive income	Note
Bond	299,639,400.00			310,836,000.00				
Subtotal	299,639,400.00			310,836,000.00				
Less: Long-term debt investments maturing within one year								
Total	299,639,400.00			310,836,000.00				

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.14 Long-term receivables

Items	Closing balance			Opening balance			Discount Rate Interval at the End of the Period (%)
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value	
Financial lease payments	431,730,150.66		431,730,150.66	551,715,302.30		551,715,302.30	
Among them: unrealized financing gains	29,695,274.00		29,695,274.00	65,638,853.15		65,638,853.15	
Collect payments to sell goods in installments	8,964,422.12		8,964,422.12	2,595,420.99		2,595,420.99	
Installment collection provides labor services							
Other							
Total	440,694,572.78		440,694,572.78	554,310,723.29		554,310,723.29	-

#### 8.15 Long-term equity investments

##### 8.15.1 Classification of long-term equity investments

Items	Opening balance	Increased in the current period	Decrease in the current period	Closing balance
Investment in subsidiaries	3,000,000.00			3,000,000.00
Investment in joint ventures	198,100,435.51	28,200,000.00	53,813,724.59	172,486,710.92
Investment in associate ventures	743,313,125.16	64,616,794.26	5,929,839.86	802,000,079.56
Sub-total	944,413,560.67	92,816,794.26	59,743,564.45	977,486,790.48
Less: provision for impairment of long- term equity investment	87,811,282.29			87,811,282.29
Total	856,602,278.38	92,816,794.26	59,743,564.45	889,675,508.19



## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.15 Long-term equity investments (Continued)

##### 8.15.2 Long-term equity investment details

Investee	Opening balance	Additional investment	Changes in the current period				Cash dividends or profit declared to be distributed	Others	Closing balance	Balance of provision for impairment as at December 31, 2022	Impairment provisions
			Decrease in investment	Profit and loss on investments recognized under the equity method	Closing balance	Changes in other equity					
I. Joint ventures	198,100,435.51	28,200,000.00		-53,813,724.59					172,486,710.92		
Harbin General Gas Turbine (Qinhuangdao) Co.	151,100,435.51			-53,814,492.30					97,285,943.21		
Harbin Qingfeng New Energy Co.	42,000,000.00	28,200,000.00		767.71					70,200,767.71		
Dongning Xinfeng New Energy Co.	5,000,000.00								5,000,000.00		
II. Associated enterprises	743,313,125.16	1,660,000.00		58,059,085.38			5,929,839.86	4,897,708.88	802,000,079.56		84,811,282.29
General Electric-Hart Power-South Steamship Energy Services (Qinhuangdao) Co.	102,367,841.86			18,070,541.64					120,438,383.50		
Harbin Ruifeng New Energy Co.	50,211,038.37	1,660,000.00		3,912,803.30			62,678.47		55,721,163.20		
Liaocheng Xiangguang Power Generation Co.	116,179,000.00			844,689.16					117,023,689.16		84,811,282.29
Harbin Electric Power Equipment Co.	399,095,225.80			68,860,325.30					467,955,551.10		
Shenyang Dewat Turbine Power Co.	38,163,583.53			-38,163,583.53							
Harbin Hadian Liling Hydropower Equipment New Technology Development Co.	8,062,254.93			359,109.49			128,563.00		8,292,801.42		
Hunan Wuling Hadian Energy Efficiency Technology Co.	4,596,081.61			900,476.96					5,496,558.57		
Harbin Hadian Gas Station Limited Liability Company				-91,476.63			650,000.00	4,897,708.88	4,156,232.25		
Hadian (Dalian) Electric Power Design Co.	10,240,503.58			290,273.35			406,866.39		10,123,910.54		
Harbin Huitong Electric Power Engineering Co.	14,397,595.48			3,075,926.34			4,681,732.00		12,791,789.82		
ACWA Power Harbin Holdings Limited											
Total	941,413,560.67	29,860,000.00		4,245,360.79			5,929,839.86	4,897,708.88	974,486,790.48		84,811,282.29

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.16 Other equity investment

##### 8.16.1 Other equity instruments

Items	Closing balance	Opening balance
Tianjin Binhai Industrial Fund Management Co.	20,000,000.00	20,000,000.00
China United Heavy Duty Gas Turbine	132,000,000.00	132,000,000.00
Jinhui Zhaofeng Energy Co.	41,220,000.00	41,220,000.00
Yuan He Quan 3D Energy Co.	400,000.00	400,000.00
Harbin Power Equipment Logistics Co.	1,000,000.00	1,000,000.00
Xinjiang Zhongtai Jinhui Energy Co.	2,954,592.00	2,954,592.00
Heilongjiang Mingjia Turbine Industry Co.		
Jiangsu Fenghai New Energy Desalination Seawater Development Co.	30,000,000.00	30,000,000.00
Harbin Nengchuang Digital Technology Co.	10,000,000.00	10,000,000.00
Xinjiang Jinhui Zhaofeng Energy Co.	298,824.18	298,824.18
Xinjiang Gezhouba Dashi Xia Water Conservancy Hub	62,939,800.00	48,183,700.00
Shares of Southern Power Grid Energy Storage Co.	398,739,162.36	388,494,875.58
Heilongjiang Xintian Hadian New Energy Investment Co.	2,523,000.00	2,461,700.00
Total	702,075,378.54	677,013,691.76

##### 8.16.2 Significant other equity instruments at the end of the period

Items	Investment costs	The amount of change in fair value accumulated through other comprehensive income	Closing fair value
China United Heavy Gas Turbine Technology Co., Ltd	132,000,000.00		132,000,000.00
China Southern Power Grid Energy Storage Co., Ltd	499,999,997.07	-101,260,834.71	398,739,162.36
Total	631,999,997.07	-101,260,834.71	530,739,162.36

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.17. Investment real estate

Items	Opening balance	Increased in the current period	Decrease in the current period	Closing balance
I. Original book value	261,076,821.71	91,274,362.76	19,149,914.39	333,201,270.08
1. Buildings and construction	260,766,821.71	86,935,839.09	19,149,914.39	328,552,746.41
2. Land assets	310,000.00	4,338,523.67		4,648,523.67
II. Accumulated depreciation	99,704,758.09	36,943,725.96	14,957,117.75	121,691,366.30
1. Buildings and construction	99,625,707.68	35,809,413.20	14,957,117.75	120,478,003.13
2. Land assets	79,050.41	1,134,312.76		1,213,363.17
III. Carrying amount	161,372,063.62	–	–	211,509,903.78
1. Buildings and construction	161,141,114.03	–	–	208,074,743.28
2. Land assets	230,949.59	–	–	3,435,160.50
IV. Impairment				
1. Buildings and construction				
2. Land assets				
V. Net carrying amount	161,372,063.62	–	–	211,509,903.78
1. Buildings and construction	161,141,114.03	–	–	208,074,743.28
2. Land assets	230,949.59	–	–	3,435,160.50

#### 8.18 Fixed assets

Items	Closing balance	Opening balance
Fixed assets	5,418,000,917.64	4,995,386,210.48
Disposal of fixed assets	91,836.13	92,299.14
Total	5,418,092,753.77	4,995,478,509.62

Note: The fixed assets in the above table refer to the fixed assets after deducting the disposal of fixed assets.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.18 Fixed assets (Continued)

##### 8.18.1 Breakdown of fixed assets

Item	Opening balance	Increase during the year	Decrease during the year	Closing balance
I. Original book value	14,373,767,739.57	1,185,811,449.70	450,184,982.26	15,109,394,207.01
Buildings and construction	5,160,153,101.21	333,607,949.00	113,626,406.49	5,380,134,643.72
Machinery equipment	7,458,327,532.54	628,739,014.92	237,910,291.62	7,849,156,255.84
Transportation facility	352,507,411.47	28,989,049.78	11,367,718.98	370,128,742.27
Electronic equipment	794,466,646.16	78,775,686.88	62,491,446.16	810,750,886.88
Office equipment	551,282,007.41	72,257,965.11	21,250,323.52	602,289,649.00
others	57,031,040.78	43,441,784.01	3,538,795.49	96,934,029.30
II. Accumulated depreciation	9,330,672,843.67	614,746,282.08	338,204,698.20	9,607,214,427.55
Buildings and construction	2,181,185,834.54	167,292,950.50	24,500,912.82	2,323,977,872.22
Machinery equipment	5,779,313,582.60	316,531,203.02	213,889,775.69	5,881,955,009.93
Transportation facility	315,046,125.34	6,535,881.65	11,210,616.01	310,371,390.98
Electronic equipment	605,605,216.31	43,922,292.49	65,404,406.60	584,123,102.20
Office equipment	418,898,612.81	40,808,454.62	20,293,019.46	439,414,047.97
others	30,623,472.07	39,655,499.80	2,905,967.62	67,373,004.25
III. Carrying amount	5,043,094,895.90	—	—	5,502,179,779.46
Buildings and construction	2,978,967,266.67	—	—	3,056,156,771.50
Machinery equipment	1,679,013,949.94	—	—	1,967,201,245.91
Transportation facility	37,461,286.13	—	—	59,757,351.29
Electronic equipment	188,861,429.85	—	—	226,627,784.68
Office equipment	132,383,394.60	—	—	162,875,601.03
others	26,407,568.71	—	—	29,561,025.05
IV. Impairment	47,708,685.42	37,856,088.33	1,385,911.93	84,178,861.82
Buildings and construction	12,069,404.89	18,932,997.40	115,602.80	30,886,799.49
Machinery equipment	34,297,735.49	17,755,209.90	1,123,586.24	50,929,359.15
Transportation facility	1,150,808.70	—	—	1,150,808.70
Electronic equipment	190,736.34	101,101.01	146,722.89	145,114.46
Office equipment	—	—	—	—
others	—	1,066,780.02	—	1,066,780.02
V. Net carrying amount	4,995,386,210.48	—	—	5,418,000,917.64
Buildings and construction	2,966,897,861.78	—	—	3,025,269,972.01
Machinery equipment	1,644,716,214.45	—	—	1,916,271,886.76
Transportation facility	36,310,477.43	—	—	58,606,542.59
Electronic equipment	188,670,693.51	—	—	226,482,670.22
Office equipment	132,383,394.60	—	—	162,875,601.03
others	26,407,568.71	—	—	28,494,245.03

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.18 Fixed assets (Continued)

##### 8.18.2 Disposal of fixed assets

Items	Closing balance	Opening balance	Reasons for transfer to liquidation
End-of-life electronics	82,434.42		End-of-life
Horizontal valve test bench Specification JP-600	9,401.71		End-of-life
Machinery, office equipment, etc.		92,299.14	End-of-life
Total	91,836.13	92,299.14	–

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.19 Construction in progress

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	賬面價值	Book balance	Provision for impairment	賬面價值
Harbin Energy Storage Technology Innovation Industrial Base Project (Phase II)	227,656,221.48		227,656,221.48	4,569,857.41		4,569,857.41
Harbin Energy Storage Technology Innovation Industrial Base Project (Phase I)	196,168,790.09		196,168,790.09	93,321,083.65		93,321,083.65
23-472001 Capacity building for basic R&D	81,882,497.90		81,882,497.90	39,197,834.99		39,197,834.99
Construction in progress – building works	76,154,360.53		76,154,360.53	542,735.86		542,735.86
High Temperature Reactor Project	23,603,201.34		23,603,201.34	125,672,452.50		125,672,452.50
Construction in progress – procurement and installation of equipment	14,915,306.84		14,915,306.84	5,565,013.48		5,565,013.48
23-473002 Welded Rotor Intelligent Processing Project	14,902,809.47		14,902,809.47	11,111,398.21		11,111,398.21
Hydroelectric heavy duty plant and coil digitalization workshop	14,287,894.76		14,287,894.76	13,665,510.38		13,665,510.38
Construction in progress – upgrading	13,245,207.18		13,245,207.18	872,730.71		872,730.71
21-4220061 Gantry milling modification	12,902,654.88		12,902,654.88	5,734,513.28		5,734,513.28
High-temperature and high-pressure large flow valve digital intelligent test platform system FX-044	12,379,285.56		12,379,285.56	6,191,677.10		6,191,677.10
Digital Showroom	11,056,512.90		11,056,512.90			
Technical Rehabilitation Project	9,959,767.51		9,959,767.51	11,146,313.83		11,146,313.83
Kaodo 1 renovation	8,740,707.99		8,740,707.99	1,135,398.23		1,135,398.23
Upgrading of motor test laboratory	8,601,778.65		8,601,778.65	8,415,671.26		8,415,671.26
Wind power test station construction	5,325,102.23		5,325,102.23	4,987,366.38		4,987,366.38
Other items	4,183,992.23		4,183,992.23	451,840.71		451,840.71
Motor room remodeling	3,185,840.70		3,185,840.70	3,185,840.70		3,185,840.70
Flexible Processing Unit Construction Project	3,123,409.80		3,123,409.80			
Pumping pre- and post-construction projects	2,811,654.04		2,811,654.04	2,037,280.74		2,037,280.74
22-412017 CNC heavy duty wheel groove milling machine	2,536,075.94		2,536,075.94	16,359,468.32		16,359,468.32
Science and Technology Building, Block B	2,525,607.60		2,525,607.60			
CNC Vertical Turning and Grinding Machine	2,407,079.65		2,407,079.65			
Steel Chip Station Retrofit	2,243,589.96		2,243,589.96	2,035,761.20		2,035,761.20
Research and development safeguards program	2,222,423.37		2,222,423.37	1,941,921.25		1,941,921.25
Control plant process route adjustment	2,026,892.54		2,026,892.54			
Imported CNC molding machine for thermal power stator coil	112,629,782.22		112,629,782.22	1,987,419.70		1,987,419.70
Erchao test bearing housing	1,968,735.33		1,968,735.33	1,967,974.35		1,967,974.35

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.19 Construction in progress (Continued)

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	賬面價值	Book balance	Provision for impairment	賬面價值
22-412018 CNC heavy duty horizontal lathe	1,943,277.20		1,943,277.20	17,408,098.19		17,408,098.19
400T stator off-line roller frame	1,814,065.80		1,814,065.80	1,814,065.80		1,814,065.80
22-432006 CNC gantry milling machine update	1,805,490.12		1,805,490.12	7,118,263.57		7,118,263.57
22-471001 40-ton boiler	1,731,673.20		1,731,673.20	4,577,673.45		4,577,673.45
CNC Horizontal Milling and Boring Machine informatization	1,727,376.80		1,727,376.80			
	1,661,062.00		1,661,062.00	1,661,062.00		1,661,062.00
Universal Coupling	1,632,743.28		1,632,743.28	1,632,743.28		1,632,743.28
Double wire narrow gap submerged arc automatic welding equipment modification	1,566,371.68		1,566,371.68			
CNC Double Column Vertical Lathe	1,504,043.19		1,504,043.19			
Renewal of the company's air compressor	1,407,079.67		1,407,079.67	1,407,079.67		1,407,079.67
Plumbing Intelligent Detection Unit	1,380,563.96		1,380,563.96			
22-471003 Construction of new pilot plant	1,379,241.75		1,379,241.75	7,145,916.33		7,145,916.33
Intelligent unit for laser melting of sealing surfaces	1,369,911.50		1,369,911.50			
Horizontal CNC Lathe	1,366,172.77		1,366,172.77			
Control Plant Expansion	1,319,362.22		1,319,362.22	493,962.27		493,962.27
Finished goods warehouse intelligent shelf transformation	1,309,734.51		1,309,734.51			
Type test bracket	1,238,485.86		1,238,485.86	1,238,485.86		1,238,485.86
Refinement project	1,210,800.86	1,210,800.86		1,210,800.86	1,210,800.86	
Closure of stator-rotor off-line room (old plant)	1,177,522.94		1,177,522.94			
23-472002 New Energy Equipment Test Center	1,122,123.89		1,122,123.89	38,135,478.63		38,135,478.63
Horizontal CNC Lathe	1,101,571.00		1,101,571.00			
22-471002 Port side test stand	769,763.69		769,763.69	8,409,504.24		8,409,504.24
Focus on five projects	480,631.03		480,631.03	15,217,974.56		15,217,974.56
Ecological and Environmental Protection Program	221,486.25		221,486.25	24,514,434.57		24,514,434.57
20-47203 Dynamic balancing machine modification	14,678.90		14,678.90	8,261,868.51		8,261,868.51
Retrofitting of fuel lines at the retesting station				16,257,542.47		16,257,542.47
Other projects	299,964,452.71	636,749.46	299,327,703.25	113,659,133.52	636,749.46	113,022,384.06
Engineering materials	112,629,782.22		112,629,782.22	22,326,643.81		22,326,643.81
total	1,275,689,474.01	1,847,550.32	1,273,841,923.69	654,587,795.83	1,847,550.32	652,740,245.51

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.19 Construction in progress (Continued)

##### 8.19.1 Current changes of important projects under construction

Unit: Yuan

Project abbreviation	Budgeted number	Opening balance	Increase in the current period	Amount transferred into fixed assets in the current period	Other decreases in the current period	Closing balance	Proportion of accumulative project investments in budget (%)	Project progress (%)	Accumulated capitalization amount of interest	Including: capitalization amount of interest in the current period	Capitalization rate of interest in the current period (%)	Source of funds
Construction in progress – building works	170,000,000.00	542,735.86	125,190,777.33	49,579,152.66		76,154,360.53	73.00	73.00				Self-financed
Construction in progress – procurement and installation of equipment	145,000,000.00	5,565,013.48	67,990,406.72	58,640,113.36		14,915,306.84	47.00	47.00				Self-financed
Construction in progress – upgrading	16,800,000.00	872,730.71	16,543,541.80	4,171,065.33		13,245,207.18	98.00	98.00				Self-financed
Ecological and Environmental Protection Program	266,333,269.75	24,514,434.57	4,366,018.78	28,658,967.10		221,486.25	82.00	82.00	4,316,699.20			Inter-company lending
Focus on five projects	23,400,000.00	15,217,974.56	5,811,629.33	20,548,972.86		480,631.03	90.00	90.00				State allocation + self-financing
23-472001Capacity building for basic R&D	116,390,000.00	39,197,834.99	42,684,662.91			81,882,497.90	70.00	70.00				State allocation + self-financing
23-472002 New Energy Equipment Test Center	64,780,000.00	38,135,478.63	34,237,628.67	71,250,983.41		1,122,123.89	75.00	75.00				State allocation + self-financing
22-412018 CNC heavy duty horizontal lathe	39,800,000.00	17,408,098.19	19,004,205.57	34,469,026.56		1,943,277.20	90.00	90.00				State allocation + self-financing
20-47203 Dynamic balancing machine modification	100,000,000.00	8,261,868.51	973,832.13	9,221,021.74		14,678.90	90.00	90.00				State allocation + self-financing
22-471001 40-ton boiler	18,500,000.00	4,577,673.45	145,102.63	2,991,102.88		1,731,673.20	25.00	25.00				State allocation + self-financing
22-471002 Port side test stand	24,000,000.00	8,409,504.24	11,502,361.34	19,142,101.89		769,763.69	80.00	70.00				State allocation + self-financing
22-471003 Construction of new pilot plant	10,000,000.00	7,145,916.33	4,060,839.71	9,827,514.29		1,379,241.75	90.00	80.00				State allocation + self-financing
22-432006 CNC gantry milling machine update	26,000,000.00	7,118,263.57	10,439,438.94	15,752,212.39		1,805,490.12	40.00	30.00				State allocation + self-financing
22-412017 CNC heavy duty wheel groove milling machine	17,800,000.00	16,359,468.32	238,555.28	14,061,947.66		2,536,075.94	95.00	90.00				State allocation + self-financing
21-4220061 Gantry milling modification	16,780,000.00	5,734,513.28	7,168,141.60			12,902,654.88	70.00	70.00				self-financing
23-473002 Welded Rotor Intelligent Processing Project	42,000,000.00	11,111,398.21	3,791,411.26			14,902,809.47	35.00	30.00				State allocation + self-financing
High Temperature Reactor Project Engineering	153,374,064.66	102,875,835.65	50,498,229.01	153,374,064.66			100.00	100.00				State allocation
φ 200 CNC floor boring and milling machine	17,983,302.18	10,640,705.61	7,342,596.57	17,983,302.18			100.00	100.00				State allocation
Paint spraying room, shot blasting room equipment	16,530,973.46		16,530,973.46			16,530,973.46	100.00	100.00				State allocation
Dehui Economic Development Zone 1*40MW Biomass Cogeneration Project	474,330,000.00	1,410,185.84	126,061.94	1,536,247.78			90.35	90.35				Allocated and self-financed
total	1,759,801,610.05	325,099,634.00	428,646,414.98	511,207,796.75		242,538,252.23			4,316,699.20		-	-



## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.19 Construction in progress (Continued)

##### 8.19.2 Engineering materials

Items	Closing balance	Opening balance
Machinery and equipment	112,629,982.22	22,326,643.81
Total	112,609,782.22	22,326,643.81

#### 8.20 Intangible assets

Items	Opening balance	Increased in the current period	Decrease in the current period	Closing balance
Total original price	1,817,202,002.53	137,996,804.05	6,838,523.67	1,948,360,282.91
Software	205,305,627.66	116,114,562.53		321,420,190.19
Land use right	926,639,330.96	20,583,736.58	4,338,523.67	942,883,543.87
patent	14,878,628.62			14,878,628.62
Non-proprietary technology	45,727,550.51	1,299,504.94	2,500,000.00	44,527,055.45
Concessions	624,445,532.55			624,445,532.55
Other	205,332.23			205,332.23
Total accumulated amortization	868,718,288.09	111,951,472.19	4,259,310.53	976,410,449.75
Software	104,233,927.34	41,786,836.44	667,448.75	145,353,315.03
Land use right	335,282,378.20	16,708,052.27	1,091,861.78	350,898,568.69
patent	4,137,220.60	1,142,629.72		5,279,850.32
Non-proprietary technology	8,764,355.06	16,167,933.36	2,500,000.00	22,432,288.42
Concessions	416,418,620.72	36,027,806.57		452,446,427.29
Other	-118,213.83	118,213.83		
Total Provision for impairment	10,630,751.38	1,724,172.01		12,354,923.39

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.20 Intangible assets (Continued)

Items	Opening balance	Increased in the current period	Decrease in the current period	Closing balance
Software	2,137,376.41			2,137,376.41
Land use right patent		1,724,172.01		1,724,172.01
Non-proprietary technology	8,402,511.71			8,402,511.71
Concessions				
Other	90,863.26			90,863.26
Total Net value	937,852,963.06			959,594,909.77
Software	98,934,323.91	–	–	173,929,498.75
Land use right	591,356,952.76	–	–	590,260,803.17
patent	10,741,408.02	–	–	9,598,778.30
Non-proprietary technology	28,560,683.74	–	–	13,692,255.32
Concessions	208,026,911.83	–	–	171,999,105.26
Other	232,682.80	–	–	114,468.97

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.21 Development expenditure

Project abbreviation	Opening balance	Increased in the current period		Decrease in the current period		Other	Closing balance
		Internal development expenditures	Other	Recognized as an intangible asset	Transferred to profit or loss for the current period		
Digital twin project	67,252,945.28		6,791,808.70	65,692,118.26		8,352,635.72	0.00
Research and Demonstration of Key Technology of Adsorption and Compression of Carbon Dioxide for Energy Storage	12,728,155.39		12,728,155.34				25,456,310.73
Archives and Electronic Business Documents Informatization Platform Construction Project-Beijing SmartNet Technology Co. Ltd-2017-KJZLB-HT-10	171,180.01						171,180.01
Harbin Electric Company Limited ERP Phase II Project Service Contract XXZX202009-031	14,238,679.27		1,582,075.47	15,820,754.74			0.00
State-owned Assets Supervision and Accountability Work Information System Project	113,309.74		144,739.78				258,049.52
Hadronic Group Master Data Management Phase III Project	828,301.88						828,301.88
Harbin Electric Group State-owned Assets Online Supervision Platform (Phase I) Project	2,087,994.66						2,087,994.66
Rule of Law Compliance Risk Control Informationization Project	2,761,301.89						2,761,301.89
Phase I of the Customer Relationship Management System of HEC Group XXZX-202012-045	700,049.24						700,049.24
HEC ERP Phase III Service Project 4500088462	9,007,547.18						9,007,547.18
ERP closeout project	7,746,226.42		7,746,226.42				15,492,452.84
Development of pumping steam check valve for nuclear power units	797,582.68	1,216.36			798,799.04		0.00
Development of Petrochemical Rotary Distribution Valve	3,226,775.39	216,005.32			216,005.32		3,226,775.39
Development of steam engine bypass valve for ultra-supercritical or thermal power units	310,917.78	1,101,222.15			1,412,139.93		0.00
Petrochemical high-end ball butterfly valve development	3,089,816.72	1,143,262.47					4,233,079.19
Safety valve intelligent monitoring and remote diagnosis system development		1,516,075.88					1,516,075.88
Procurement Contract for Main Propulsion Motor Development, Pump Spray Thruster and Vibration and Noise Reduction for 40kW Class UUV Propulsion System			4,699,499.12				4,699,499.12
Research on key technologies for pod thrusters			2,150,619.47				2,150,619.47
State-owned capital fund projects and others	7,478,610.18	44,721,376.36	3,315,659.79	356,603.77	54,776,578.99		382,463.57
<b>Total</b>	<b>132,539,393.71</b>	<b>48,699,158.54</b>	<b>39,158,784.09</b>	<b>81,869,476.77</b>	<b>57,203,523.28</b>	<b>8,352,635.72</b>	<b>72,971,700.57</b>

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.22. Goodwill

Name of the investee	Opening balance	Increased in the current period	Decrease in the current period	Closing balance
Harbin Electric Group Suzhou Dawson Valve Co., Ltd	10,596,651.69		1,509,060.00	9,087,591.69
Jilin Province Zesheng Environmental Protection Engineering Co., Ltd	23,919,751.92		23,919,751.92	
Total	34,516,403.61		25,428,811.92	9,087,591.69

#### 8.23 Long-term deferred expenses

Items	Opening balance	Increased in the current period	Amortization for the period	Decrease in the current period	Closing balance
Nail Service Fee		8,474.84			8,474.84
Renovation cost	3,745,649.01	19,181,797.37	5,760,842.99		17,166,603.39
Expenditures on fixed asset improvements	699,268.09		93,804.04	605,464.05	
Total	4,444,917.10	19,190,272.21	5,854,647.03	605,464.05	17,175,078.23

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.24 Deferred income tax assets and deferred income tax liabilities

##### 8.24.1 Deferred income tax assets without offset

Items	Closing balance		Opening balance	
	Deductible/ Taxable temporary differences	Deferred tax assets/liabilities	Deductible/ Taxable temporary differences	Deferred tax assets/liabilities
1. Deferred income tax assets	3,997,705,226.74	603,821,319.51	4,166,987,009.20	625,356,125.13
Provision for asset impairment	2,708,898,390.89	407,459,129.83	2,682,364,897.79	402,662,808.42
start-up costs	—	—	—	—
Deductible losses	14,700.00	2,205.00	14,699.76	2,204.96
Estimated liabilities	974,901,974.27	147,820,398.76	966,437,815.93	144,965,672.39
Retiree unpooled expenses	46,654,256.28	6,998,138.44	48,364,369.04	7,254,655.36
Changes in fair value of hedging instruments	194,291,326.65	29,143,699.00	197,990,868.58	29,698,630.28
Termination benefits	58,383,961.89	8,757,594.29	271,814,358.10	40,772,153.72
Lease liabilities	14,560,616.76	3,640,154.19		
2. Deferred income tax liabilities	55,352,990.59	9,765,881.47	43,842,024.53	6,576,303.68
Valuation of trading financial instruments, derivative financial instruments	2,000,000.00	300,000.00	—	—
Changes in fair value of other financial assets included in other comprehensive income	—	—	—	—
Increase in fair value of assets	38,189,600.27	5,728,440.04	43,842,024.53	6,576,303.68
Decrease in fair value of deferred revenue	534,061.43	80,109.21		
Right-of-use assets	14,629,328.89	3,657,332.22		

##### 8.24.2 The breakdown of deferred tax assets is not recognized

Items	Closing balance	Opening balance
Deductible losses	1,900,808,621.47	2,154,738,455.02
Deductible temporary differences	1,940,731,816.07	2,685,428,796.15
Total	3,841,540,437.54	4,840,167,251.17

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.24 Deferred income tax assets and deferred income tax liabilities (Continued)

8.24.3. Deductible losses on unrecognized deferred tax assets will mature in the following years

Year	Closing balance	Opening balance	Note
2024Year	—	890,421,843.15	
2025Year	375,270,578.07	405,960,455.73	
2026Year	1,833,124.61	16,672,652.45	
2027Year	30,634,854.66	26,220,889.80	
2028Year	76,883,857.23	62,370,979.40	
2029Year	15,038,375.63	18,926,842.69	
2030Year	39,922,538.70	50,278,286.25	
2031Year	930,156,472.17	934,839,100.25	
2032Year	279,733,283.08	279,737,746.43	
2033Year	191,258,731.92		
2034Year			
Total	1,940,731,816.07	2,685,428,796.15	

#### 8.25 Other non-current assets

Items	Closing balance	Opening balance
Prepayments for acquisition of long-term assets	2,151,721.91	333,000.00
Outsourced development	153,100,144.01	76,831,047.22
Hasho Project Investment Company, Dubai	658,630,048.15	648,945,390.08
Total	813,881,914.07	726,109,437.30

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.26 Short term loans

Items	Closing balance	Opening balance
Mortgage borrowing		
Guaranteed borrowing		
Borrowing on credit		
Undue interest payable	4,481,698,651.76	3,285,133,158.88
Total	4,481,698,651.76	3,285,133,158.88

#### 8.27 Notes payable

Items	Closing balance	Opening balance
Bank acceptance bill	389,319,858.19	1,471,592,766.36
Commercial acceptance bill	1,952,128,507.09	4,674,692,405.75
Total	2,341,448,365.28	6,146,285,172.11

#### 8.28 Accounts payable

Ages	Closing balance	Opening balance
Within 1 year	13,256,645,526.69	9,958,348,393.50
1 – 2 years	1,277,035,318.60	4,510,840,294.16
2 – 3 years	798,966,792.55	836,619,752.62
Over 3 years	1,236,680,815.97	896,452,875.31
Total	16,569,328,453.81	16,202,261,315.59

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.28 Accounts payable (Continued)

Significant accounts payable with aging over one year:

Name of creditor	Closing balance	Reasons for failure of repayment or carry-forward
AL KARAWAN REFRACTORIES MAT TR LLC	87,948,684.56	The contract has not fulfilled
Shanghai Turbine Co.	57,409,643.31	The contract has not fulfilled
Harbin Dongcheng Yida International Cargo Co.	28,037,567.00	The contract has not fulfilled
Changsha Boiler Plant Co.	27,287,500.00	The contract has not fulfilled
Henan Xinmi Refractories Co.	21,844,727.84	The contract has not fulfilled
Shenyang Xiangya Power Equipment Co.	20,490,426.95	The contract has not fulfilled
Harbin Dong'an Construction Sheet Co.	19,425,891.98	The contract has not fulfilled
Harbin Yihang Power Machinery Co.	18,692,189.77	Contract not yet settled
Tianjin Lan Chao Electric Power Overhaul Co.	18,279,161.60	The contract has not fulfilled
Beifang Heavy Industry Group Co.	16,934,673.02	Amounts owed represent warranty deposits, not yet due
Qingdao East Steel Tower Co.	16,418,967.00	Amounts owed represent warranty deposits, not yet due
Shanghai Dubat Power Technology Development Co.	15,487,063.64	The contract has not fulfilled
Dalian Shuanglong Pump Industry Group Co.	15,394,782.52	The contract has not fulfilled
China Electric Construction Group Beijing Survey and Design Institute Co.	14,604,862.17	Payment nodes not reached
Zhongnengjian Construction Group Co.	13,909,459.97	The contract has not fulfilled
Shanghai Keke Valve Group Co.	13,834,421.80	The contract has not fulfilled
AL SILMIYA BUILDING MATRRIALS TRADING LLC	13,800,000.00	The contract has not fulfilled
Dongfang Electric Group Dongfang Boiler Co.	13,800,000.00	The contract has not fulfilled
Hangzhou Turbo Power Group Co.	13,510,000.00	The contract has not fulfilled
Sinotrans North China Ltd.	13,195,836.02	The contract has not fulfilled
Fujian Longjing Environmental Protection Co.	13,085,711.50	The contract has not fulfilled
Shanghai Zhongbo International Shipping Agency Co.	12,543,682.24	The contract has not fulfilled
HERRERA MIER, S. C.	12,475,926.60	The contract has not fulfilled
Henan Weihua Heavy Machinery Co.	11,932,463.00	The contract has not fulfilled
Harbin Tianda Power Station Equipment Co.	11,912,449.42	Payment nodes not reached
Shaanxi Hongyuan Aviation Forging Co.	11,755,123.22	Contract not yet settled
Baosheng Technology & Innovation Co.	11,719,800.11	The contract has not fulfilled



## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.28 Accounts payable (Continued)

*Significant accounts payable with aging over one year: (Continued)*

Name of creditor	Closing balance	Reasons for failure of repayment or carry-forward
Harbin Keli Power Co.	11,651,256.11	The contract has not fulfilled
Harbin Huitong Electric Power Engineering Co.	11,583,640.39	The contract has not fulfilled
China Construction Engineering Corporation Limited	11,397,271.00	Amounts owed represent warranty deposits, not yet due
Sinohydro Eighth Engineering Bureau Co.	11,266,799.50	Payment nodes not reached
Guangzhou Xinheng Pump Manufacturing Co.	11,128,492.50	The contract has not fulfilled
China Energy Construction Group Tianjin Electric Power Construction Co.	11,094,091.70	The contract has not fulfilled
Hyundai Heavy Industries (China) Electric Co.	11,028,711.50	The contract has not fulfilled
China Energy Construction Group Northeast Power Third Engineering Co.	10,699,689.54	The contract has not fulfilled
ho tung wah engineering limited	10,543,000.00	所欠金額為質保金，未到期
Chongqing Yongtai Water Treatment System Engineering Co.	10,070,765.00	The contract has not fulfilled
Changchun Dingxiang Power Station Equipment Manufacturing Co.	7,101,040.28	未到支付節點
Jiangsu Walker Machinery Co.	6,961,303.91	Contract not yet settled
Harbin Electric Machinery Factory Electromechanical Industry Company Yinhe Hydropower Equipment Fittings Factory	6,796,492.79	未到支付節點
State Nuclear Power Technology Corporation (SNPT)	6,513,135.83	The contract has not fulfilled
Jiangsu Oriental Power Boiler Fittings Co.	6,312,949.40	所欠金額為質保金，未到期
Harbin Huizhi Industrial Technology Development Co.	5,867,570.08	Contract not yet settled
Total	695,747,224.77	—

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.29 Advances from customers

Items	Closing balance	Opening balance
within 1 Year(included 1Year)	7,175,123.84	5,828,487.77
Total	7,175,123.84	5,828,487.77

#### 8.30 Contract liabilities

Items	Closing balance	Opening balance
Advance payment for electrical equipment	26,481,644,744.09	23,127,922,261.64
Total	26,481,644,744.09	23,127,922,261.64

#### 8.31 Absorption of deposits and interbank deposits

Items	Closing balance	Opening balance
Demand deposit	609,305,353.23	200,870,450.19
Time deposit	118,283,090.75	948,920,000.00
Call Deposits		
Total	727,588,443.98	1,149,795,320.33

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.32 Employee compensation payable

##### 8.32.1 Presentation of employee compensation payable

Items	Opening balance	Increased in the current period	Decrease in the current period	Closing balance
1. Short-term compensation	737,994,541.24	2,939,514,672.86	2,770,019,745.23	907,489,468.87
2. Post-employment benefits – defined contribution plan	94,016.86	355,550,424.53	355,483,930.00	160,511.39
3. Dismissal benefits	48,613,515.24	39,338,663.12	48,934,541.33	39,017,637.03
4. Other benefits maturing within one year				
5. Others	16,429,262.25	17,342,732.62	17,960,468.85	15,811,526.02
Total	803,131,335.59	3,351,746,493.13	3,192,398,685.41	962,479,143.31

##### 8.32.2 Presentation of short-term compensation

Items	Opening balance	Increased in the current period	Decrease in the current period	Closing balance
Salary, bonus, allowance and subsidies	435,130,258.92	2,158,201,696.99	2,004,125,335.91	589,206,620.00
Employee welfare	0	178,899,582.04	178,896,292.04	3,290.00
Social insurance premiums	289,914.59	279,043,714.21	278,899,733.80	433,895.00
Including: medical and maternity insurance premium	613.8	142,249,700.10	142,211,050.86	39,263.04
Work-related injury insurance premium	100.79	12,638,900.89	12,633,969.72	5,031.96
Others	289,200.00	124,155,113.22	124,054,713.22	389,600.00
Housing provident fund	128,400.00	190,823,883.80	190,757,523.80	194,760.00
Labor union funds and employee education funds	298,430,093.44	83,578,224.23	67,393,602.78	314,614,714.89
Short-term compensated absences				
Short-term profit shared plan				
Other short-term compensation	4,015,874.29	48,967,571.59	49,947,256.90	3,036,188.98
Total	737,994,541.24	2,939,514,672.86	2,770,019,745.23	907,489,468.87

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.32 Employee compensation payable (Continued)

##### 8.32.3 Presentation of defined contribution plan

Items	Opening balance	Increased in the current period	Decrease in the current period	Closing balance
Basic endowment insurance premium	73,301.00	249,735,068.56	249,695,343.10	113,026.46
Unemployment insurance premium	20,715.86	8,013,333.78	8,016,966.95	17,082.69
Enterprise pension contributions		97,635,115.19	97,604,712.95	30,402.24
Enterprise annuity payment		166,907.00	166,907.00	
Total	94,016.86	355,550,424.53	355,483,930.00	160,511.39

#### 8.33 Taxes payable

Items	Opening balance	Tax payable
Value-added tax	376,378,062.76	369,710,146.85
Resource tax	231.00	
Corporate income tax	119,302,336.73	15,289,207.42
City construction and maintenance tax	19,599,076.46	17,525,002.26
Property tax	3,170,400.33	3,026,794.30
Land use tax	2,305,195.10	2,205,007.14
Individual income tax	19,875,761.45	12,887,844.78
Education surcharge (Local education fee surcharge is included)	13,996,695.42	12,509,217.23
Others	71,732,999.29	89,596,824.02
Total	626,360,758.54	522,750,044.00

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.34 Other payables

Items	Closing balance	Opening balance
Interest payable	13,333,263.26	15,474,798.01
Dividends payable	2,773,883.08	2,773,165.24
Other payables	446,790,454.96	480,960,784.11
Total	462,897,601.30	499,208,747.36

*Note:* Other payables in the above table refer to other payables after deducting interest payable and dividends payable.

#### 8.34.1 Statement of interest payable

Items	Closing balance	Opening balance
Interest on long-term borrowings that are paid in installments and repaid at maturity	764,569.80	4,436,778.04
Interest payable on short-term borrowings	4,776,941.46	1,530,014.51
Others	7,791,752.00	9,508,005.46
Total	13,333,263.26	15,474,798.01

#### 8.34.2 Dividends payable

Items	Closing balance	Opening balance
Common stock dividends	2,773,883.08	2,773,165.24
Total	2,773,883.08	2,773,165.24

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.34 Other payables (Continued)

##### 8.34.3. Other payables

##### (1) Presentation of other payables by nature

Items	Closing balance	Opening balance
Current Payments	178,207,616.97	218,730,363.84
Deposits, security deposits, etc	175,666,407.00	163,852,553.78
Personal payables	36,819,231.89	
Funds for party building work	23,085,582.08	23,736,445.70
Withholding Expenses	17,892,840.00	3,395,753.77
Remittance and temporary deposit should be withdrawn	969,724.00	27,847,311.15
Insurance indemnity	418,048.55	27,883,384.31
Others	13,731,004.47	15,514,971.56
Total	446,790,454.96	480,960,784.11

Other significant payables with aging over one year

Items	Closing balance	Reason for non-repayment
Funds for party building work	19,005,798.77	Funds for party building work
China Energy Construction Group Tianjin Electric Power Construction Co.	8,595,151.92	Contract not yet completed
Hubei Electric Power Construction First Engineering Co.	5,093,202.29	Contract not yet completed
Guilin Construction Engineering Company	2,456,408.47	Contract not yet completed
China National Machinery & Equipment Engineering Corporation	2,000,000.00	Contract not yet completed
Deere Financing Customer Margin	1,962,180.74	Margin not due
Total	39,112,742.19	—

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.35 Non-current liabilities maturing within one year

Item	Closing balance	Opening balance
Long-term borrowings maturing within one year	377,012,300.00	1,073,498,269.83
Long-term payables due within 1Year		40,101,383.33
Lease liabilities due within 1 year	4,958,447.45	1,072,847.60
Total	381,970,747.45	1,114,672,500.76

#### 8.36 Other current liabilities

Item	Closing balance	Opening balance
Taxes to be transferred	75,326.17	490,263.61
Taxes involved in the transfer of Building 39	935,289.25	926,602.35
Reclassification of tax on contract liabilities	6,006,846.28	5,885,883.46
Endorsed transfer of unexpired commercial acceptance bills	142,787,303.93	5,079,000.00
Total	149,804,765.63	12,381,749.42

#### 8.37 Long-term borrowings

Item	Closing balance	Opening balance	End of Period Interest Rate Range (%)
Mortgage borrowing	810,487,077.31	275,183,498.72	
Guaranteed borrowing		18,029,000.00	
Borrowing on credit		1,454,769,229.80	
Total	810,487,077.31	1,747,981,728.52	

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.38 Lease liabilities

Item	Closing balance	Opening balance
Lease payment	15,296,938.46	13,063,712.12
Less: Unrecognized financing expense	1,394,135.12	983,852.28
Lease liabilities maturing within one year	4,958,447.45	1,072,847.60
Net lease liability	8,944,355.89	11,007,012.24

#### 8.39. Long-term payables

Item	Closing balance	Opening balance
Long-term payables	2,028,563.06	32,288,909.75
Special payables	19,419,794.29	19,419,794.29
Total	21,448,357.35	51,708,704.04

Note: The long-term payables in the above table refer to the long-term payables after deducting the special payables.

##### 8.39.1. The top 5 items with the largest closing balance of long-term payables

Item	Closing balance	Opening balance
Harbin Electric Group Co., Ltd	1,000,000.00	1,000,000.00
Hainan PV project financing procurement	1,028,563.06	1,288,909.75
Chengtong Finance Leasing Co., Ltd		30,000,000.00
Total	2,028,563.06	32,288,909.75



## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.39. Long-term payables (Continued)

8.39.2. The top 5 items with the largest closing balance of special payables

Items	Opening balance	Increased in the current period	Decrease in the current period	Closing balance
Total	13,975,241.79			13,975,241.79
Scientific and technological triple costs	1,972,349.02			1,972,349.02
Institute projects	4,552,892.77			4,552,892.77
Scientific and technological triple costs	1,950,000.00			1,950,000.00
Funds for the development of high-tech industries	3,000,000.00			3,000,000.00
Development of 200MW-class high-power gas turbines, etc.	2,500,000.00			2,500,000.00

#### 8.40. Long-term employee compensation payable

Items	Opening balance	Increased in the current period	Decrease in the current period	Closing balance
Post-employment benefit – net liabilities of defined benefit plans	274,723.47		15,846.45	258,877.02
Dismissal welfare	313,619,293.24	-12,580,775.71	143,365,305.75	157,673,211.78
Other long-term welfare	6,000,895.19	116,773,280.90	817,070.26	121,957,105.83
Total	319,894,911.90	104,192,505.19	144,198,222.46	279,889,194.63

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.41 Estimated liabilities

Item	Closing balance	Opening balance
Pending Litigation		128,100,000.00
Product quality assurance	337,138,910.39	281,470,679.32
Pending loss contract	828,076,335.39	1,026,596,867.39
Total	1,165,215,245.78	1,436,167,546.71

Note 1: The product quality assurance fee is 0.3%-0.5% of the company's product sales revenue.

Note 2: Loss-making contracts to be executed refer to the estimated losses accrued when the estimated total cost of the contracts signed by the Company is greater than the amount of revenue.

#### 8.42 Deferred income

Items	Opening balance	Increased in the current period	Decrease in the current period	Closing balance
government grants	179,966,632.50	32,649,910.18	37,500,020.59	175,116,522.09
Total	179,966,632.50	32,649,910.18	37,500,020.59	175,116,522.09

#### 8.43. Other non-current liabilities

Item	Closing balance	Opening balance
Forward settlement contracts	93,030,491.94	86,485,747.09
Total	93,030,491.94	86,485,747.09

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.44 Paid in capital

Investor	Opening balance		Investment	Percentage	Closing balance	
	Increase during the year	Decrease during the year (%)			Investment	Percentage (%)
Harbin Electric Group Co., Ltd	1,560,705,000.00	69.79			1,560,705,000.00	69.79
Overseas listed and tradable shares	675,571,000.00	30.21			675,571,000.00	30.21
Total	2,236,276,000.00	–			2,236,276,000.00	–

#### 8.45 Capital reserves

Item	Opening balance	Increased in the current period	Decrease in the current period	Closing balance
1. Capital premium (capital stock premium)	5,461,245,089.81		5,239,212.02	5,456,005,877.79
2. Other capital reserves	35,557,180.88			35,557,180.88
Total	5,496,802,270.69		5,239,212.02	5,491,563,058.67
Of which: Exclusive state-owned capital reserve				

#### 8.46. Safety production fee

Item	Opening balance	Increased in the current period	Decrease in the current period	Closing balance	Note
Safety production fee	47,489,368.36	36,445,112.08	22,994,218.62	60,940,261.82	
Total	47,489,368.36	36,445,112.08	22,994,218.62	60,940,261.82	

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.47. Surplus reserve

Item	Opening balance	Increased in the current period	Decrease in the current period	Closing balance
Statutory surplus reserves	898,564,197.51	8,262,329.19		906,826,526.70
Discretionary surplus reserves	58,252,161.76	7,931,749.45		66,183,911.21
Total	956,816,359.27	16,194,078.64		973,010,437.91

#### 8.48. Undistributed profits

Item	Current Year	Prior Year
Undistributed profit at the end of the previous period before adjustment	5,255,688,935.55	4,698,595,292.71
Adjustments to the total unallocated profits at the beginning of the period (upward +, downward -)		
Adjustments to unallocated profit at the beginning of the period	5,255,688,935.55	4,698,595,292.71
Add: Net profit attributable to owners of the parent company for the period	1,685,571,289.41	574,760,038.85
Less: Withdrawal of legal reserve	8,262,329.19	58,262,331.23
Withdrawal of surplus surplus at will	7,931,749.45	58,252,161.76
Dividends payable on ordinary shares	116,286,352.00	10,239,138.00
Other profit sharing		
Add: Surplus surpluses to cover losses		
Other comprehensive income carried forward to retained earnings		
Others	14,474,239.24	109,087,234.98
Undistributed profits at the end of the period	6,823,254,033.56	5,255,688,935.55

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.49 Operating revenue and operating costs

Information on operating revenue

Industry classification	Industry composition	Year 2024		Year 2023	
		Revenue	Expenses from costs	Revenue	Expenses from costs
New power equipment	Coal power industry	15,945,162,074.58	14,231,381,221.89	8,013,583,440.19	7,286,644,818.80
	Hydropower industry	4,307,579,796.55	3,738,318,523.63	3,443,631,421.03	3,006,248,503.25
	Nuclear power industry	4,233,683,768.26	2,934,419,432.19	2,489,877,777.98	1,827,570,151.05
	Gas and electricity industry	1,952,057,004.84	1,837,460,189.67	1,143,663,716.85	1,096,055,589.70
	Wind power industry				
	Energy storage industry	54,484,955.75	54,246,957.82	51,743,362.80	48,397,070.52
	Other products	493,802,214.54	439,970,193.13	604,348,228.53	532,986,957.20
	Wind power industry	26,986,769,814.52	23,235,796,518.32	15,746,847,947.38	13,797,903,090.52
Green and low-carbon drive equipment	Electric motor and marine equipment industry	660,867,778.45	619,140,913.11	703,229,246.25	668,166,885.92
Clean and efficient industrial systems	Biomass, garbage, combustible exhaust gas, residual temperature and pressure utilization, environmental protection products, industrial petrochemical business, pumps and valves, hydrogen energy industry, etc	4,536,259,584.03	4,373,314,927.98	5,905,260,082.54	5,727,624,778.35
EPC Contracting & Trading	EPC Contracting & Trading	3,944,689,850.31	3,739,875,756.95	3,792,971,009.91	3,631,983,532.52
Modern manufacturing services	Energy Equipment, Digital, Finance & Services	1,767,671,865.43	1,138,493,752.84	2,202,381,302.16	1,454,340,571.71
Other	Services and other business	401,586,754.56	394,141,218.66	490,174,679.28	557,532,752.49
Total		38,297,845,647.30	33,500,763,087.86	28,840,864,267.52	25,837,551,611.51

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.50. Net interest income

Item	Current Year	Prior Year
<b>I. Interest income</b>	<b>423,570,762.13</b>	<b>409,448,104.81</b>
Depository peers	330,980,812.72	335,655,497.54
Deposited with the Central Bank	14,954,797.97	13,231,196.64
Lending funds	3,689,166.67	1,750,000.00
Loans and advances are made	85,334.12	6,093,538.71
Among them: personal loans and advances		
Corporate loans and advances	83,876.55	2,814,976.43
Bill discounting	1,457.57	3,278,562.28
Buy and sell back financial assets	36,401,095.88	38,451,413.99
Bond investment		
Other	37,459,554.77	14,266,457.93
Among them: interest income on impaired financial assets		
<b>II. Interest expense</b>	<b>12,063,335.28</b>	<b>15,755,333.62</b>
Interbank deposits		
Borrowing from the Central Bank		
Split funds	1,243,055.55	262,500.00
Absorb deposits	10,440,224.83	15,492,762.73
Sell and repurchase financial assets	380,050.68	
Issuance of bonds		
Other	4.22	70.89
<b>III. Net interest income</b>	<b>411,507,426.85</b>	<b>393,692,771.19</b>

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.51. Net income from fees and commissions

Item	Current Year	Prior Year
<b>I. Net income from fees and commissions</b>	<b>12,631.69</b>	<b>37,524.20</b>
Settlement and Clearing Fees		
Agency business fee		
Credit Commitment Fees and Commissions		
Card fees		
Consultant and consulting fees		
Commissions for escrow and other fiduciary services		
Other	12,631.69	37,524.20
<b>II. Handling fees and commission expenses</b>	<b>146,921.37</b>	<b>200,036.62</b>
Handling fee expense	146,921.37	200,036.62
Commission payouts		
<b>III. Net fee and commission income</b>	<b>-134,289.68</b>	<b>-162,512.42</b>

#### 8.52. Taxes and surcharges

Item	Current Year	Prior Year
Urban Maintenance Construction Tax	70,924,282.52	55,736,466.20
Educational fee surcharge	37,989,522.89	35,400,318.58
Local education fee surcharge	12,663,174.30	11,357,250.55
stamp duty	28,304,341.10	24,997,255.40
Property tax	43,786,860.33	42,203,432.62
Land use tax	27,442,606.29	26,002,525.43
Vehicle and vessel use tax	86,315.53	76,230.40
Other	598,206.17	107,215.21
Total	221,795,309.12	195,880,694.39

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.53. Selling expenses

Item	Current Year	Prior Year
Employee compensation	377,649,184.75	323,780,382.43
Travel expenses	102,287,931.74	55,897,415.31
Shipping	199,973.42	2,333,857.66
Activity fee	13,895,480.90	26,713,147.05
Expenses for going abroad	14,694,537.07	8,166,666.21
Consultation fees	6,176,729.97	8,874,636.70
Insurance	101,367.45	204,733.16
Operating expenses	1,864,093.03	1,610,032.62
Office expenses	2,561,874.17	2,103,327.22
Exhibition fee	1,077,076.10	1,949,216.21
Advertising costs	157,362.62	394,089.97
Other	86,152,008.64	73,669,710.80
Total	606,817,619.86	505,697,215.34



## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.54 General and administrative expenses

Item	Current Year	Prior Year
Employee compensation	887,031,465.36	809,616,283.08
Funds for party building activities	2,556,554.18	1,233,874.03
Depreciation and amortization expense	209,226,762.32	117,005,656.05
Repair costs	155,566,125.55	132,236,740.61
Conference travel expenses	55,619,593.39	32,662,309.70
Service Contract Fee	15,710,808.80	11,591,368.38
Office expenses	32,811,117.51	26,078,097.82
Expenses for going abroad	3,394,078.62	4,854,017.20
Material consumption	398,949.23	17,488,496.48
Utility bills	6,083,680.28	5,976,389.18
Heat	3,625,501.58	1,390,795.88
Shipping	5,670,999.23	474,587.19
Business entertainment expenses	8,766,951.71	18,786,219.59
Employment Security Fund for Persons with Disabilities	7,736,635.60	3,189,840.18
Fees for hiring an intermediary	19,584,522.71	19,003,923.51
Amortization of low-value consumables	1,252,442.27	1,285,565.29
Consultation fees	17,915,513.56	11,886,591.30
Examination fee	72,011.01	831,761.70
Insurance	-3,752,167.43	9,707,915.66
Litigation costs	1,623,338.42	2,153,617.95
Technology transfer fees	0	6,513,135.83
Board of Directors Fees	581,338.88	546,399.10
Sewage charges	3,640,170.79	6,755,990.64
Other	259,378,426.96	319,765,558.86
Total	1,694,494,820.53	1,561,035,135.21

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.55 Research and development expenditure

Item	Current Year	Prior Year
Research and development expenses	1,152,045,288.08	998,625,593.36
Total	1,152,045,288.08	998,625,593.36

#### 8.56. Finance Costs

Item	Current Year	Prior Year
Interest expense	152,624,500.65	200,366,923.11
Less: Interest income	22,888,024.66	28,172,075.43
Net exchange losses	75,615,935.48	72,767,678.05
Bank charges	35,494,649.04	49,563,606.73
Other	1,024,926.09	5,124,630.44
Total	241,871,986.60	299,650,762.90

#### 8.57. Other Income

Item	Current Year	Prior Year
special fund	187,964,766.41	
Government subsidy	73,398,529.23	231,352,604.79
Total	261,363,295.64	231,352,604.79

*Government subsidies included in profit or loss for the current period*

Item	Current Year	Prior Year
Government grants related to revenue	73,398,529.23	231,352,604.79
Total	73,398,529.23	231,352,604.79

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.58 Investment income

A source of investment income	Current Year	Prior Year
Income from long-term equity investments accounted for by the equity method	4,245,360.79	53,259,974.55
Long-term equity investment income accounted for by the cost method		
Investment income from the disposal of long-term equity investments		167,625,561.18
Investment income during the holding period of a tradable financial asset		25,444.68
Investment income from the disposal of trading financial assets	2,374,665.34	3,284,806.31
Investment income during the holding period of investments in other equity instruments	7,315,903.43	29,337,499.12
Interest income during the holding period of other debt investments		
Investment income during the holding period of other debt investments	7,507,482.73	533,725.44
Investment income from debt restructuring	20,302,004.11	182,732.89
Other	20,469,775.09	7,848,492.31
Total	62,215,191.49	262,098,236.48

#### 8.59. Fair Value Gain

The source of fair value change gains	Current Year	Prior Year
Tradable financial assets	10,000,000.00	3,149,819.44
Total	10,000,000.00	3,149,819.44

#### 8.60. Credit impairment losses

Item	Current Year	Prior Year
Bad debt losses	470,191,321.01	550,353,577.06
Other	31,812,045.00	1,283,787.50
Total	502,003,366.01	551,637,364.56

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.61. Asset impairment losses

Item	Current Year	Prior Year
Loss on inventory decline	-19,538,033.41	-70,088,388.15
Impairment loss on contract assets	15,738,110.60	27,291,904.13
Impairment loss on contract performance costs	-36,636,313.66	
Impairment loss on fixed assets	-37,856,088.33	-504,651.00
Impairment losses on intangible assets	-1,724,172.01	
Impairment loss on goodwill	-25,428,811.92	
Total	-105,445,308.73	-43,301,135.02

#### 8.62. Gains on disposal of assets

Item	Current Year	Prior Year	The amount included in the non-recurring profit or loss for the year
Gain or loss on disposal of fixed assets	2,589,286.30	2,908,649.88	2,589,286.30
Gain or loss on disposal of intangible assets			
Total	2,589,286.30	2,908,649.88	2,589,286.30

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.63. Non-operating income

Item	Current Year	Prior Year	The amount included in the non-recurring profit or loss for the year
Gain on the destruction and retirement of non-current assets	6,537,168.51	8,829,166.32	6,537,168.51
Government grants that are not related to the day-to-day activities of the enterprise	242,982.85	5,495,376.15	242,982.85
Insurance indemnity		37,268,000.00	
Litigation claims	20,935,092.94		20,935,092.94
Compensation for loss of quality	1,046,762.70	1,003,430.00	1,046,762.70
Other	11,386,808.22	38,235,442.94	11,388,808.22
Total	40,150,815.22	90,831,415.41	40,150,815.22

#### 1. Details of government subsidies

Item	Current Year	Prior Year
Collect financial subsidy funds, etc	242,982.85	13,985,714.31
Total	242,982.85	13,985,714.31

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.64. Non-operating expenses

Item	Current Year	Prior Year	The amount included in the non-recurring profit or loss for the year
Loss on damage and retirement of non-current assets	9,028,196.60	3,855,848.28	9,028,196.60
Expenditure on public welfare donations			
Administrative fines, late fees	8,607,257.96	18,394,728.27	8,607,257.96
institute legal proceedings		128,100,000.00	
Other	27,730,939.20	15,276,448.30	27,730,939.20
Total	45,366,393.76	165,627,024.85	45,366,393.76

#### 8.65. Income tax expense

Item	Current Year	Prior Year
Current income tax expenses	263,590,609.74	107,053,952.28
Deferred income tax expenses	37,272,161.36	46,569,442.45
Other	300,862,771.10	153,623,394.73

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.65. Income tax expense (Continued)

Adjustment process of accounting profit and income tax expenses:

Item	Current Year
Total profits	2,019,386,929.09
Income tax expenses calculated at statutory or applicable tax rate	302,908,039.35
Effect of the application of various tax rates by subsidiaries	35,385,449.05
Effect of adjustments to the income tax for the prior years	33,306,709.91
Effect of non-deductible costs, expenses and losses	-126,751,981.12
Effect of using the deductible losses related to deferred income tax assets unrecognized in previous periods	59,703,438.20
Effect of deductible temporary differences or losses from deferred income tax assets unrecognized in the current period	16,382,567.75
The tax rate results in a change in the balance of deferred tax assets/liabilities at the beginning of the year	14,979,402.20
Additional deduction of research and development expenditure	-35,050,854.25
Income tax expenses	300,862,771.10

#### 8.66 Supplementary information to the statement of cash flows

8.66.1 Adjustment of the net profit from operating activities into the statement of cash flow

Item	Current Year	
	Pre-tax amount	Net amount after tax
Other comprehensive income that cannot be reclassified into profit or loss	8,707,643.77	8,707,643.77
Remeasurement of changes in defined benefit plans		
Other comprehensive income that cannot be converted into profit or loss under the equity method		
Changes in the fair value of investments in other equity instruments	8,707,643.77	8,707,643.77
Changes in the fair value of the enterprise's own credit risk		
Other		
Other comprehensive income that will be reclassified into profit or loss	17,381,483.07	17,381,483.07
Other comprehensive income that can be transferred to profit or loss under the equity method		
Less: Other comprehensive income included in the previous period was transferred to profit or loss in the current period		
subtotal		

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.66 Supplementary information to the statement of cash flows (Continued)

8.66.1 Adjustment of the net profit from operating activities into the statement of cash flow (Continued)

Item	Current Year	
	Pre-tax amount	Net amount after tax
Changes in the fair value of other debt investments	10,188,906.00	10,188,906.00
Less: Other comprehensive income included in the previous period was transferred to profit or loss in the current period		
subtotal	10,188,906.00	10,188,906.00
Gains or losses on changes in fair value of available-for-sale financial assets		
Less: Other comprehensive income included in the previous period was transferred to profit or loss in the current period		
subtotal		
The amount of financial assets that are reclassified into other comprehensive income		
Less: Other comprehensive income included in the previous period was transferred to profit or loss in the current period		
subtotal		
Held-to-maturity investments are reclassified as gains or losses on available-for-sale financial assets		
Less: Other comprehensive income included in the previous period was transferred to profit or loss in the current period		
subtotal		
Credit impairment provisions for other debt investments	10,304,779.15	10,304,779.15



## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.66 Supplementary information to the statement of cash flows (Continued)

8.66.1 Adjustment of the net profit from operating activities into the statement of cash flow (Continued)

Item	Current Year	
	Pre-tax amount	Net amount after tax
Less: Other comprehensive income included in the previous period was transferred to profit or loss in the current period subtotal	10,304,779.15	10,304,779.15
Cash flow hedge reserve (the effective portion of the cash flow hedge profit or loss)		
Less: Other comprehensive income included in the previous period was transferred to profit or loss in the current period		
The adjustment to the amount initially recognized for the hedged item subtotal	5,563,033.12 -5,563,033.12	5,563,033.12 -5,563,033.12
Translation differences for foreign currency statements	2,450,831.04	2,450,831.04
Less: The net amount of after-tax included in other comprehensive income in the current period of profit or loss subtotal	2,450,831.04	2,450,831.04
other		
Less: Other comprehensive income included in the previous period was transferred to profit or loss in the current period subtotal		
Total other comprehensive income	26,089,126.84	26,089,126.84

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.66 Supplementary information to the statement of cash flows (Continued)

##### 8.66.1 Adjustment of the net profit from operating activities into the statement of cash flow (Continued)

Item	Pre-tax amount	Prior Year	Net amount after tax
		income tax	
Other comprehensive income that cannot be reclassified into profit or loss	-152,718,675.23		-152,718,675.23
Remeasurement of changes in defined benefit plans			
Other comprehensive income that cannot be converted into profit or loss under the equity method			
Changes in the fair value of investments in other equity instruments	-152,718,675.23		-152,718,675.23
Changes in the fair value of the enterprise's own credit risk			
Other			
Other comprehensive income that will be reclassified into profit or loss	-25,417,157.14		-25,417,157.14
Other comprehensive income that can be transferred to profit or loss under the equity method			
Less: Other comprehensive income included in the previous period was transferred to profit or loss in the current period			
subtotal			
Changes in the fair value of other debt investments	2,171,169.00		2,171,169.00
Less: Other comprehensive income included in the previous period was transferred to profit or loss in the current period			
subtotal	2,171,169.00		2,171,169.00
Gains or losses on changes in fair value of available-for-sale financial assets			
Less: Other comprehensive income included in the previous period was transferred to profit or loss in the current period			
subtotal			
The amount of financial assets that are reclassified into other comprehensive income			
Less: Other comprehensive income included in the previous period was transferred to profit or loss in the current period			
subtotal			

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.66 Supplementary information to the statement of cash flows (Continued)

##### 8.66.1 Adjustment of the net profit from operating activities into the statement of cash flow (Continued)

Item	Pre-tax amount	Prior Year	
		income tax	Net amount after tax
Held-to-maturity investments are reclassified as gains or losses on available-for-sale financial assets			
Less: Other comprehensive income included in the previous period was transferred to profit or loss in the current period			
subtotal			
Credit impairment provisions for other debt investments	44,331,753.37		44,331,753.37
Less: Other comprehensive income included in the previous period was transferred to profit or loss in the current period			
subtotal	44,331,753.37		44,331,753.37
Cash flow hedge reserve (the effective portion of the cash flow hedge profit or loss)			
Less: Other comprehensive income included in the previous period was transferred to profit or loss in the current period	80,062,339.00	12,009,350.85	-6,805,298.815
The adjustment to the amount initially recognized for the hedged item			
subtotal	-80,062,339.00	-12,009,350.85	-68,052,988.15
Translation differences for foreign currency statements	-3,867,091.36		-3,867,091.36
Less: The net amount of after-tax included in other comprehensive income in the current period of profit or loss			
subtotal	-3,867,091.36		-3,867,091.36
other			
Less: Other comprehensive income included in the previous period was transferred to profit or loss in the current period			
subtotal			
Total other comprehensive income	-185,545,993.09	-12,009,350.85	-178,135,832.37

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.67 Supplementary information to the statement of cash flows

8.67.1 Adjustment of the net profit from operating activities into the statement of cash flow (Continued)

Item	Current Year	Prior Year
1. Net profit adjusted to cash flows from operating activities		
Net profit	1,718,524,157.99	615,383,351.63
Add: Provision for assets impairment	105,445,308.73	43,301,135.02
Provision for credit impairment	-502,003,366.01	-551,637,364.56
Depreciation of fixed assets, depletion of oil and gas assets and depreciation of productive biological assets	614,746,282.08	625,313,005.85
Depreciation of right-of-use assets	13,310,586.06	
Amortization of intangible assets	111,954,624.18	85,921,000.63
Amortization of long-term deferred expenses	5,854,647.03	1,678,962.02
Losses from disposal of fixed assets, intangible assets and other long-term assets ("-" for income)	-2,529,839.15	-2,908,649.88
Losses from write-off of fixed assets ("-" for income)	278,328.34	3,855,848.28
Losses from changes in fair value ("-" for income)	-10,000,000.00	-3,149,819.44
Financial expenses ("-" for income)	152,624,500.65	193,803,052.88
Investments losses ("-" for income)	-62,215,191.49	-262,098,236.48
Decreases in deferred income tax assets ("-" for increases)	21,534,805.62	98,449,780.71
Increase in deferred income tax liabilities ("-" for decrease)	3,189,577.79	-3,648,282.55
Decreases in contract assets ("-" for increases)	-3,605,031,110.56	-1,571,857,966.87
Decrease in inventories ("-" for increase)	-2,142,049,051.00	572,851,418.40
Decreases in operating receivables ("-" for increases)	2,379,458,816.94	-779,046,256.86
Increases in operating payables ("-" for decreases)	954,119,040.52	3,217,991,536.03
Others		
Net cash flows from operating activities	-241,968,875.15	2,284,202,514.81

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.67 Supplementary information to the statement of cash flows (Continued)

8.67.1 *Adjustment of the net profit from operating activities into the statement of cash flow (Continued)*

Item	Current Year	Prior Year
2. Significant investing and financing activities not involving cash receipts and payments		
Conversion of debt into capital		
Convertible corporate bonds maturing within one year		
Fixed assets acquired under financing lease		
3. Net changes in cash and cash equivalents		
Ending balance of cash	15,173,753,371.19	17,364,232,108.35
Less: beginning balance of cash	17,364,232,108.35	16,276,554,185.93
Plus: ending balance of cash equivalents		
Less: beginning balance of cash equivalents		
Net increase in cash and cash equivalents	-2,190,478,737.16	1,087,677,922.42

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.67 Supplementary information to the statement of cash flows (Continued)

##### 8.67.2 Breakdown of cash and cash equivalents

Item	Current Year	Prior Year
I. Cash	15,173,753,371.19	17,364,232,108.35
Including: cash on hand	384,197.08	741,771.46
Unrestricted bank deposit	1,236,164,429.74	2,871,731,353.08
Other unrestricted cash and cash equivalents	6,729,180.78	27,797,810.69
Unrestricted deposits in central bank	112,228,536.72	25,306,576.06
Deposits in banks and other financial institutions	13,818,247,026.87	14,438,654,597.06
Loans to banks and other financial institutions	0	
II. Cash equivalents	0	
Including: bond investments maturing within three months	0	
III. Ending balance of cash and cash equivalents	15,173,753,371.19	17,364,232,108.35
Including: cash and cash equivalents restricted for use by the parent company or subsidiaries in the Group		

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

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

#### 8.68 Monetary items in foreign currencies

Item	Balance in foreign currency as at December 31, 2024	Exchange rate for conversion	Balance of RMB converted as at December 31, 2024
Monetary funds	–	–	377,199,857.44
Including: USD	40,649,602.15	7.1884	292,205,600.10
Euro	2,524,101.00	7.5257	18,995,626.90
HKD	100,105.54	0.9397	94,069.18
BRL	8,281,490.40	1.1821	9,789,549.80
VND	23,762,928.00	0.0003	7,128.88
Bengal Taka	52,873,254.05	0.0599	3,167,107.92
Pakistani rupees	502,651,063.90	0.0258	12,968,397.45
Turkish lira	10,492,361.33	0.2051	2,151,983.31
Ursus mother	87,174,455.48	0.006	52,304.67
dirham	1,516,394.70	1.97	2,987,297.56
Sudanese pound	1,783,305.32	0.0121	21,577.99
Macao dollar	1,365,647.93	0.8985	1,227,034.67
Indian rupee	3,058,308.96	0.1171	358,127.98
Tugrik	41,557.00	0.0021	87.27
Bissau	92,523,923.36	0.3497	32,355,616.00
Accounts receivable	–	–	1,030,402,751.60
Including: USD	139,604,121.97	7.1884	1,003,530,270.37
Euro	791,805.90	7.4910	5,931,418.00
Pakistani rupees	484,705,854.03	0.0258	12,505,411.03
dirham	72,706.00	1.9711	143,310.80
Sudanese pound	1,285,856.05	0.0121	15,558.86

#### 8.69 Assets with restricted ownership and use rights

Item	Closing book value	Cause of Limitation
Monetary funds	875,073,868.23	Legal reserve on deposit with the Central Bank
Fixed asset	71,247,564.38	Maximum Mortgage Contract
Intangible asset	21,970,857.86	Maximum Mortgage Contract

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

### 9. EQUITY IN OTHER ENTITIES

#### 9.1 Equity in subsidiaries

##### 9.1.1 Structure of the enterprise group

Subsidiary	Main business place	Registration place	Business nature	Shareholding ratio	Method of acquisition (%)		Subsidiary
					Direct	Indirect	
Harbin Boiler Plant Limited Liability Company	Harbin	Harbin	China	manufacturing	100		Shareholder input
Harbin Electric Machinery Factory Limited Liability Company	Harbin	Harbin	China	manufacturing	100		Shareholder input
Harbin Turbine Works Co.	Harbin	Harbin	China	manufacturing	100		Shareholder input
Harbin Electric International Engineering Co.	Harbin	Harbin	Pakistan, Ecuador	manufacturing	100		investment
Harbin Electric Power Science and Trade Co., Ltd. (Note 1)	Harbin	Harbin	China	Export trade	55.55	44.32	investment
Harbin Electric Group (Qinhuangdao) Heavy Equipment Co., Ltd. (Note 2)	Qinhuangdao	Qinhuangdao	China	manufacturing	34.15	65.38	investment
HEC Harbin Power Station Valve Co., Ltd. (Note 3)	Harbin	Harbin	China	Manufacturing	45		investment
Harbin Electric Group Finance Limited Liability Company (Note 4)	Harbin	Harbin	China	Finance	55	35.87	Business combination under the same control
Shenzhen HaDongHuiHua Industry & Trade Co., Ltd. (Note 5)	Shenzhen	Shenzhen	China	Trade	60		investment
Harbin Harbin Electric Co.	Harbin	Harbin	China	Wholesale of other mechanical equipment and electronic products	100		Business combination under the same control
Harbin Leasing (Tianjin) Co.	Tianjin	Tianjin	China	Lease	80		investment



## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

### 9. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 9.1 Equity in subsidiaries (Continued)

##### 9.1.1 Structure of the enterprise group (Continued)

Subsidiary	Main business place	Registration place	Business nature	Shareholding ratio	Method of acquisition (%)		Subsidiary
					Direct	Indirect	
Hadian Group Shanxi Environmental Protection Engineering Co.	Yuncheng	Yuncheng	China	Water conservancy, environment and public facilities management	51	49	investment
Hadian Group Biomass Power Generation (Wangkui) Co.	Wangkui	Wangkui	China	Biomass power generation	100		investment
Hadian Group Biomass Power Generation (Dewei) Co.	Dehui	Dehui	China	Biomass power generation	100		investment
Harbin Electric Materials Co.	Harbin	Harbin	China	Business services	100		investment
Harbin Electric Science and Technology Co.	Harbin	Harbin	China	Science and technology promotion and application services	100		investment

The list of directors of the Company's major subsidiaries is as follows:

Che Dongguang, Dai Bolin, Dou Huiqiang, Du Wenpeng, Gao Weijun, Gao Zhijun, Hong Lianshun, Hua Guangyu, Jia Lijun, Jiang Qinghai, Jin Changfan, Li Chao, Li Chunting, Li Weidong, Lin Kuanhai, Liu Limin, Liu Yuqiang, Liu Zhiqiang, Lu Xuepeng, Lv Zhiqiang, Qiu Xiliang, Qu Aimin, Qu Weimin, Song Xiaofang, Song Zhaoyuan, Sun Zhongmin, Wang Gui, Wang Qianzhuang, Wang Shouge, Wang Wenlong, Wang Xiaohui, Wang Yan, Xie Jingdong, Xu Fuwu, Xu Qing, Xu Ying, Xue Wei, Yao Minghui, Ye Xinyong, Yu Long, Zhang Jie, Zhang Lizhong, Zhang Lianbin, Zhang Xiulin, Zhang Chongyang, Zhou Fanzhen, Zhu Hongguang, etc.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

### 9. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 9.1 Equity in subsidiaries (Continued)

##### 9.1.1 Structure of the enterprise group (Continued)

Explanation of the difference between the shareholding ratio in the subsidiary and the voting equity ratio:

1. The shareholding structure of Harbin Power Technology Trading Co., Ltd. is 55.55% directly held by the Company, 27.77% indirectly held by Harbin Electric International Engineering Co., Ltd., a subsidiary of the Company, 5.56% each indirectly held by Harbin Electric Machinery Plant Co., Ltd., Harbin Boiler Plant Co., Ltd. and Harbin Steam Turbine Plant Co., Ltd., and 99.87% held by the Company on a consolidated basis.
2. The shareholding structure of Harbin Electric Power Group (Qinhuangdao) Heavy Equipment Co., Ltd. is 34.15% held by the Company, Harbin Electric Machinery Factory Co., Ltd., Harbin Boiler Plant Co., Ltd. and Harbin Steam Turbine Plant Co., Ltd., which are subsidiaries of the Company, each hold 21.95% of the shares, and the Company holds 99.53% of the shares on a consolidated basis.
3. The shareholding structure of Harbin Power Station Valve Co., Ltd. of Harbin Electric Power Group is 45% of the company's shares and 45% of the voting rights, because the company's directors account for more than half of its board members, forming control over them.
4. The shareholding structure of Harbin Electric Group Finance Co., Ltd. is 55.00% held by the Company, 18.00% held by Harbin Electric International Engineering Co., Ltd., a subsidiary of the Company, 6.00% held by Harbin Electric Machinery Plant Co., Ltd., Harbin Boiler Plant Co., Ltd. and Harbin Steam Turbine Plant Co., Ltd., and 90.87% held by the Company on a consolidated basis.

Basis for holding half or less of the voting rights but still controlling the investee, and holding more than half of the voting rights but not controlling the investee:

5. The shareholding structure of Shenzhen Hadonghuihua Industry and Trade Co., Ltd. is 60% held by the company, which is not included in the scope of consolidation due to liquidation and rectification.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

### 9. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 9.1 Equity in subsidiaries (Continued)

##### 9.1.2 . Important non-wholly owned subsidiaries

Name of subsidiary	Minority shareholding ratio (%)	Profit and loss attributable to minority shareholders for the period	Dividends declared to minority shareholders during the period	Balance of minority interests at the end of the period	Note
Harbin Electric Power Group					
Harbin Power Station					
Valve Co., Ltd	55.00	16,306,091.51	-8,571,726.66	316,348,665.25	
Harbin Electric Group					
Finance Co., Ltd	9.00	16,158,192.13	-7,312,414.82	234,762,061.14	

##### 9.1.3. Key financial information of important non-wholly owned subsidiaries

Item	Closing Balance/Amount Incurred in the Period	
	Harbin Electric Power Group Harbin Power Station Valve Co., Ltd	Harbin Electric Group Finance Co., Ltd
liquid asset	1,253,275,828.80	17,269,266,663.42
Non-current assets	222,385,095.51	2,629,423,876.90
Total assets	1,475,660,924.31	19,898,690,540.32
Current liabilities	866,877,175.17	17,289,924,120.24
Non-current liabilities	33,604,357.77	299,074.08
Total liabilities	900,481,532.94	17,290,223,194.32
Operating income	965,321,685.93	478,037,969.91
Net profit	28,945,102.24	179,535,468.15
Total comprehensive income	28,945,102.24	202,056,001.28
Cash flow from operating activities	-72,862,064.01	-1,062,996,116.80

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

### 9. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 9.1 Equity in subsidiaries (Continued)

##### 9.1.3. Key financial information of important non-wholly owned subsidiaries (Continued)

Item	Opening Balance/Previous Period Amount	
	Harbin Electric Power Group Harbin Power Station Valve Co., Ltd	Harbin Electric Group Finance Co., Ltd
liquid asset	1,241,853,718.84	20,079,045,078.65
Non-current assets	211,542,597.73	2,016,985,864.10
Total assets	1,453,396,316.57	22,096,030,942.75
Current liabilities	855,234,948.03	19,608,041,056.39
Non-current liabilities	37,533,317.72	329,488.11
Total liabilities	892,768,265.75	19,608,370,544.50
Operating income	874,091,464.64	471,208,554.46
Net profit	29,941,914.90	164,177,496.50
Total comprehensive income	29,941,914.90	215,279,609.00
Cash flow from operating activities	45,936,799.23	747,132,717.54

#### 9.2 Interests in joint ventures or associates

##### 1. Important joint ventures or associates

The name of the joint venture or associate	The main place of business	Place of incorporation	Business quality	Shareholding ratio (%)		Accounting treatment
				Direct	Indirect	
GE-Harbin Power Energy Services (Qinhuangdao) Co., Ltd	Qinhuangdao	Qinhuangdao	Energy services	41		權益法
Harbin Electric General Gas Turbine (Qinhuangdao) Co., Ltd	Qinhuangdao	Qinhuangdao	Manufacturing	50		權益法

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

### 9. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 9.2 Interests in joint ventures or associates (Continued)

(1) The main financial information of important joint ventures or associates

Item	Closing Balance/Amount Incurred in the Period	
	GE-Harbin Power Energy Services (Qinhuangdao) Co., Ltd	Harbin Electric General Gas Turbine (Qinhuangdao) Co., Ltd
Liquid asset	297,992,477.14	439,143,000.00
Non-current assets	104,362,806.31	12,340,000.00
<b>Total assets</b>	<b>402,355,283.45</b>	<b>451,483,000.00</b>
Current liabilities	102,822,539.90	266,647,000.00
Non-current liabilities		
<b>Total liabilities</b>	<b>102,822,539.90</b>	<b>266,647,000.00</b>
Minority interests		
Equity attributable to shareholders of the parent company	299,532,743.55	184,836,000.00
Share of net assets based on shareholding ratio	122,808,424.86	179,800,000.00
Adjustments		
The carrying amount of an equity investment in a joint venture or associate	120,438,383.50	97,285,943.21
The fair value of an equity investment for which there is a publicly quoted offer		
Operating income	369,682,104.68	582,844,000.00
Net profit	48,994,632.44	-118,859,000.00
Net profit from discontinued operations		
Other comprehensive income		
Total comprehensive income	48,994,632.44	-118,859,000.00
Dividends received by the company in the current period from joint ventures or associates		

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

### 9. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 9.2 Interests in joint ventures or associates (Continued)

(1) The main financial information of important joint ventures or associates

Item	Opening Balance/Previous Period Amount	
	GE-Harbin Power Energy Services (Qinhuangdao) Co., Ltd	Harbin Electric General Gas Turbine (Qinhuangdao) Co., Ltd
Liquid asset	248,234,348.06	768,728,000.00
Non-current assets	103,534,336.28	19,565,000.00
<b>Total assets</b>	<b>351,768,684.34</b>	<b>788,293,000.00</b>
Current liabilities	101,924,081.49	468,370,000.00
Non-current liabilities		17,723,000.00
<b>Total liabilities</b>	<b>101,924,081.49</b>	<b>486,093,000.00</b>
Minority interests		
Equity attributable to shareholders of the parent company	249,844,602.85	302,200,000.00
Share of net assets based on shareholding ratio	102,436,287.17	151,100,000.00
Adjustments		
The carrying amount of an equity investment in a joint venture or associate	102,367,841.86	151,100,435.51
The fair value of an equity investment for which there is a publicly quoted offer		
Operating income	333,449,922.04	1,156,110,000.00
Net profit	39,835,818.18	7,543,000.00
Net profit from discontinued operations		
Other comprehensive income		
Total comprehensive income	39,835,818.18	7,543,000.00
Dividends received by the company in the current period from joint ventures or associates		

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

### 9. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 9.2 Interests in joint ventures or associates (Continued)

(2) Aggregated financial information of unimportant joint ventures and associates

Item	Closing Balance /Amount Incurred in the Period	Opening Balance /Previous Period Amount
The total carrying amount of investments made in a joint venture or associate	423,488,240.80	423,488,240.80
The sum of the following items based on the proportion of shareholdings		
Net profit	73,617,817.76	244,121,724.40
Other comprehensive income		
Total comprehensive income	73,617,817.76	244,121,724.40

### 10. RISK DISCLOSURE IN RELATION TO FINANCIAL INSTRUMENTS

The Company faces various financial risks in the course of its operations: credit risk, market risk and liquidity risk. The Board of Directors of the Company is fully responsible for the determination of risk management objectives and policies, and assumes ultimate responsibility for risk management objectives and policies. The Company's internal auditors also audit risk management policies and procedures and report findings to the Audit Committee.

The overall objective of the Company's risk management is to establish a risk management policy that minimizes risks without unduly affecting the Company's competitiveness and resilience.

#### (1) Credit risk

Credit risk refers to the risk that one party to a financial instrument will fail to perform its obligations, resulting in financial losses to the other party. The Company is mainly exposed to customer credit risk caused by credit sales. Before entering into a new contract, the Company will assess the credit risk of the new customer, including external credit ratings and, in some cases, bank references (when this information is available). The Company has set a credit limit for each client, which is the maximum amount that does not require additional approval.

The company ensures that the company's overall credit risk is within a manageable range through quarterly monitoring of existing customer credit ratings and monthly review of accounts receivable aging analysis. When monitoring the credit risk of customers, they are grouped according to their credit characteristics. Clients classified as "High Risk" are placed on the Restricted Customer List and may only be granted credit for future periods subject to additional approval, otherwise they must be required to make the corresponding payment in advance.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

### 10. RISK DISCLOSURE IN RELATION TO FINANCIAL INSTRUMENTS (CONTINUED)

#### (2) Market risk

Market risk of financial instruments refers to the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices, including foreign exchange risk, interest rate risk and other price risks.

##### 1) *Interest rate risk*

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. As of December 31, 2023, 684,597,100 yuan of the Company's external borrowings are floating rate borrowings, with an interest rate range of 2.8%-4.4%, and under the assumption that other variables remain unchanged, reasonable changes in interest rates will not have a significant impact on the Company's total profits and shareholders' equity.

##### 2) *Foreign exchange risk*

Foreign exchange risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's exposure to foreign exchange risks is mainly related to US dollars, euros, Hong Kong dollars and British pounds, etc., except for Harbin Electric International Engineering Co., Ltd., a subsidiary of the Company, which purchases and sells in US dollars, euros, Hong Kong dollars and British pounds, etc., other major business activities of the Company are settled in RMB.

#### (3) Liquidity risk

Liquidity risk refers to the risk that an enterprise will have a shortage of funds when it fulfills its obligations to settle by means of cash or other financial assets. It is the Company's policy to ensure that it has sufficient cash to pay off its debts as they fall due. Liquidity risk is centrally controlled by the Company's finance department. By monitoring cash balances, marketable securities that are readily realizable, and rolling forecasts of cash flows over the next 12 months, the finance department ensures that the company has sufficient funds to repay its debts under all reasonable forecasts.



## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

### 10. RISK DISCLOSURE IN RELATION TO FINANCIAL INSTRUMENTS (CONTINUED)

#### (3) Liquidity risk

The financial assets and financial liabilities held by the company with a maturity period of less than one year are analyzed as follows:

Items	Within 1 year
<b>Financial Assets and Liabilities:</b>	
Monetary funds	16,048,827,239.42
Notes receivable	1,176,243,029.41
Accounts receivable	5,154,322,130.03
Other receivables	1,127,949,613.15
Buy and sell back financial assets	585,000,000.00
Short-term borrowing	4,481,698,651.76
Notes payable	2,341,448,365.28
Accounts payable	16,569,328,453.81
Employee compensation payable	962,479,143.31
Other payables	462,897,601.30
Non-current liabilities due within one year	381,970,747.45
Other current liabilities	149,804,765.63

### 11. DISCLOSURE OF FAIR VALUE

#### (1) Financial instruments measured at fair value

The Company has presented the carrying amount of financial asset instruments at fair value as at 31 December 2024 at three levels of fair value. When fair value is classified into three levels as a whole, it is based on the lowest of the three levels to which each of the significant inputs used in fair value measurement belongs. The three levels are defined as follows:

Level 1: It is an unadjusted quote in an active market for the same assets or liabilities that can be obtained on the measurement date;

Level 2: is the directly or indirectly observable input of the relevant asset or liability in addition to the input value of the first level;

Level 2 inputs include: 1) quotes for similar assets or liabilities in active markets, 2) quotes for identical or similar assets or liabilities in inactive markets, 3) observable inputs other than quotes, including interest rate and yield curves, implied volatility, and credit spreads that can be observed during normal quote intervals, and 4) market-validated inputs.

Level 3: is the unobservable input value of the underlying asset or liability.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

### 11. DISCLOSURE OF FAIR VALUE (CONTINUED)

#### (2) Measurement of fair value at the end of the period

##### 1. Ongoing fair value measurement

Items	Closing fair value			Total
	Level 1	Level 2	Level 3	
Tradable financial assets	2,000,000.00			2,000,000.00
Other debt investments				
Investments in other equity instruments	398,739,162.36		303,336,216.18	702,075,378.54
Other non-current financial assets				
Total assets	400,739,162.36		303,336,216.18	704,075,378.54

### 12. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

#### (1) The parent company of the Company

Name of the parent company	Place of incorporation	Nature of business	Registered capital (萬元)	Shareholding in the Company (%)	Proportion of voting rights to the Company (%)
Harbin Electric Group Co., Ltd	Harbin	Manufacture and sales of power station equipment	200,000.00	69.79	69.79

For details of the Company's subsidiaries and joint ventures and associates, please refer to Note 9 (1) Interests in Subsidiaries and 9 (3) Interests in Joint Ventures or Associates.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

### 12. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### (2) Other related parties

Other related party names	Relationship between other related parties and the Company
Harbin Harbin Electric Industrial Development Co., Ltd	Subsidiaries controlled by the same parent company
Harbin Harbin Harbin Industrial Development Co., Ltd	Subsidiaries controlled by the same parent company
Harbin Harbin Automobile Industrial Development Corporation	Subsidiaries controlled by the same parent company
Harbin Sanlian Business Services Co., Ltd	Subsidiaries controlled by the same parent company
Harbin Electric Group Acheng Relay Co., Ltd	Subsidiaries controlled by the same parent company
Jiamusi Electric Machinery Factory Co., Ltd	Subsidiaries controlled by the same parent company
Harbin Electric Group Jiamusi Electric Co., Ltd	Subsidiaries controlled by the same parent company
Harbin Electric Power Group Biomass Power Generation (Fuyuan) Co., Ltd	Subsidiaries controlled by the same parent company
Harbin Electric Group International Trade Co., Ltd	Subsidiaries controlled by the same parent company
Harbin Electric Power Group Harbin Enterprise Management Service Co., Ltd	Subsidiaries controlled by the same parent company
Harbin Electric Group Marine Intelligent Equipment Co., Ltd	Subsidiaries controlled by the same parent company

#### (3) Related party transactions

The transaction price of the transaction between the Company and related parties is the price agreed by both parties, which is the same as the transaction price of non-related parties.

1. *For subsidiaries that have a control relationship and have been included in the scope of the Company's consolidated financial statements, their inter-transaction and parent-subsidiary transactions have been offset.*

#### 2. Continuing Connected Transactions and Related Party Transactions

On December 20, 2022, the Company entered into the Financial Services Framework Agreement with Harbin Electric Group Co., Ltd., which is valid from December 31, 2022 to December 30, 2025.

On December 20, 2022, the Company entered into the Product and Service Framework Agreement with Harbin Electric Group Co., Ltd., which is valid from January 1, 2023 to December 31, 2025.

On September 22, 2023, the Company entered into the Product and Service Framework Agreement with Harbin Electric Power Generation Equipment National Engineering Research Center Co., Ltd., which is valid from September 22, 2023 to December 31, 2025.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

### 12. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### (3) Related party transactions (Continued)

##### 2. Continuing Connected Transactions and Related Party Transactions (Continued)

###### (1) Transactions in products and services

Related party	Amount incurred in the current period	Amount incurred in the previous period
Sell goods		
– Companies under the same control	39,864,577.04	14,466,232.78
– Associates		
Sourcing goods		
– Companies under the same control	156,430,419.57	21,306,854.58
– Associates		
Service fee income		
– Companies under the same control	3,094,300.00	
Service fee disbursement		
– Companies under the same control	76,575,233.46	75,978,124.68

The transaction with the company under the same control in Transaction (1) above is a transaction under the Continuing Connected Transactions – Products and Services Framework Agreement, which is a continuing connected transaction under Chapter 14A of the Listing Rules.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

### 12. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### (3) Related party transactions (Continued)

##### 2. Continuing Connected Transactions and Related Party Transactions (Continued)

##### (2) Interest paid on the deposit

Related party	Amount incurred in the current period	Amount incurred in the previous period
Holding company	1,424,309.08	9,609,367.06
Companies under the same control	1,207,684.70	1,398,282.54
Total	2,631,993.78	11,007,649.60

##### (3) Interest income from entrusted loans

Related party	Amount incurred in the current period	Amount incurred in the previous period
Companies under the same control	2,481,243.40	6,337,017.58
Total	2,481,243.40	6,337,017.58

The transactions with companies under the same control in the above transactions (2) to (3) are transactions under the Continuing Connected Transactions – Financial Services Framework Agreement and are continuing connected transactions under Chapter 14A of the Listing Rules.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

### 12. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### (3) Related party transactions (Continued)

##### 2. Continuing Connected Transactions and Related Party Transactions (Continued)

##### (4) Entrusted management fees

Related party	Details of related party transactions	Amount incurred in the current period	Amount incurred in the previous period
Harbin Electric Group Co., Ltd	委託代管費	3,280,000.00	3,280,000.00
Total		3,280,000.00	3,280,000.00

Transaction (4) above is a transaction under the Entrusted Management Contract, which is a continuing connected transaction exempted from Rule 14A.33 of the Listing Rules.

##### (5) Transactions with HEC Research Center for products and services

Related party	Amount incurred in the current period	Amount incurred in the previous period
Provision of products and services by the Company and its subsidiaries to the HEC Research Center		
Provision of products and services to the Company and its subsidiaries by the HEC Research Center	8,436,792.45	21,964,150.94

Transaction (5) above is a transaction under the Products and Services Framework Agreement, which is a continuing connected transaction under Chapter 14A of the Listing Rules.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

### 12. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### (3) Related party transactions (Continued)

##### 2. Continuing Connected Transactions and Related Party Transactions (Continued)

##### (6) Remuneration of directors, supervisors and senior management

The remuneration of each Director, Supervisor and Senior Management in 2023 is as follows:

name	Wages and other benefits	Retirement benefit plan contributions	Total
一. Director			
(一) Executive Director			
Mr. Cao Zhian			
Mr. Huang Wei	717,666.00	43,305.60	760,971.60
Mr. Shen Tong (appointed in November 2024)	686,840.00	40,377.60	727,217.60
Mr. Y. K. Chang (resigned in March 2024Year)	686,840.00	40,377.60	727,217.60
Executive Director Subtotal	2,091,346.00	124,060.80	2,215,406.80
(二) Non-Executive Director			
(三) Independent Non-Executive Director			
Mr. He Yu	100,000.00		100,000.00
Mr. Pan Qilong			
Ms. Niu Xiangchun (appointed in November 2024Year)	10,000.00		10,000.00
Mr. Gao Yibin (appointed in November 2024Year)	10,000.00		10,000.00
Mr. Hu Jianmin (resigned in November 2024Year)	75,000.00		75,000.00
Mr. Tang Zhihong (resigned in November 2024Year)	75,000.00		75,000.00
Subtotal of Independent Non- Executive Directors	270,000.00		270,000.00

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

## 12. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

### (3) Related party transactions (Continued)

#### 2. Continuing Connected Transactions and Related Party Transactions (Continued)

##### (6) Remuneration of directors, supervisors and senior management (Continued)

The remuneration of each Director, Supervisor and Senior Management in 2023 is as follows:  
(Continued)

name	Wages and other benefits	Retirement benefit plan contributions	Total
二. Supervisor			
Mr. Liu Weimin	644,567.00	40,377.60	684,944.60
Mr. Zhu Pengtao (appointed in December 2024Year)	432,339.00	40,377.60	472,716.60
Mr. Zhang Jun	1,214,262.00	40,377.60	1,254,639.60
Mr. Yang Yulong	920,550.00	40,377.60	960,927.60
Mr. Zhao Xin	1,006,495.94	40,377.60	1,046,873.54
Subtotal of Supervisors	4,218,213.94	201,888.00	4,420,101.94
三. Senior management			
Mr. Lui Chi Keung (resigned in April 2024Year)	392,840.00	13,459.20	406,299.20
Mr. Du Xingkai	689,264.00	40,377.60	729,641.60
Mr. Liu Qingyong (appointed in December 2024Year)	612,684.00	40,377.60	653,061.60
Mr. Liu Yi (appointed in December 2024Year)	218,040.00	20,188.80	238,228.80
Mr. Qiu Xiliang	1,249,988.00	40,377.60	1,290,365.60
Mr. Wang Gui	1,316,346.10	40,377.60	1,356,723.70
Mr. Yu Long	1,555,900.00	40,377.60	1,596,277.60
Chen Dongshi	744,075.00	40,377.60	784,452.60
Mr. Ericsson (Company Secretary)	634,050.00	40,377.60	674,427.60
Subtotal of senior management	7,413,187.10	316,291.20	7,729,478.30
Total	13,992,747.04	642,240.00	14,634,987.04



## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

### 12. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### (3) Related party transactions (Continued)

##### 2. Continuing Connected Transactions and Related Party Transactions (Continued)

##### (6) Remuneration of directors, supervisors and senior management (Continued)

Among the 5 highest paid individuals, 2 of them (2023: 2) are also senior executives of the Company, and their remuneration is disclosed above. The total remuneration of the remaining 3 (2023: 3) persons is as follows:

S.N.	Posts	Wages and other benefits	Retirement benefit plan contributions	Total
first place	Chief Specialist, Turbine Company	1,615,128.00	40,377.60	1,655,505.60
third place	Deputy Chief Engineer, Turbine Company	1,439,292.00	40,377.60	1,479,669.60
fourth place	Executive Vice President, Boiler Company	1,363,300.00	40,377.60	1,403,677.60
Total		4,417,720.00	121,132.80	4,538,852.80

Transaction (6)above is a continuing connected transaction exempted under Rule 14A.33 of the Listing Rules.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

### 12. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### (1) Other related parties (Continued)

##### 1. Receivables and payables from related parties

*Payments receivable from related parties by the Company*

The name of the project	Related party	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable					
	Jiamusi Electric Co., Ltd	73,398.20		57,292.00	
	Harbin Electric Group Marine Intelligent Equipment Co., Ltd	40,350.00		13,500.00	
	Harbin Electric Power Group Biomass Power Generation (Fuyuan) Co., Ltd			441,507.50	
	Harbin Electric Power Equipment Co., Ltd	341,035.60		656,275.40	
	Harbin Harbin Industrial Development Co.	54,900.00			
Prepayment					
	Jiamusi Electric Co., Ltd			38,400.00	
	Harbin Electric Power Equipment Co., Ltd	254,300.00		41,601,454.02	
	Harbin Electric Power Group Biomass Power Generation (Fuyuan) Co., Ltd	5,000,000.00		5,000,000.00	
	Harbin Industrial Development Co., Ltd	4,219,174.06		10,328,023.60	
	Harbin Automobile Industrial Development Corporation	613,700.00		613,700.00	
Other receivables					
	Harbin Electric Group Marine Intelligent Equipment Co.	26,000,000.00			
	Harbin Industrial Development Co., Ltd	1,904,455.60		618,178.04	
Other current assets					
	Harbin Industrial Development Co., Ltd	55,000,000.00		85,000,000.00	
	Harbin Electric Power Equipment Co., Ltd	140,000,000.00		140,000,000.00	
Contract Assets					
	Harbin Electric Power Equipment Co., Ltd			11,589,815.15	
	Hadian Group Biomass Power Generation (Fuyuan) Co.	45,494,114.43			
Interest receivable					
	Harbin Industrial Development Co., Ltd	47,853.82		142,986.11	
	Harbin Electric Power Equipment Co., Ltd	111,727.78		123,637.50	

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

### 12. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### (1) Other related parties (Continued)

##### 1. Receivables and payables from related parties (Continued)

##### (2) Payments payable by the Company to related parties

The name of the project	Related party	Closing balance	Opening balance
Absorb deposits			
	Harbin Electric Group Co., Ltd	562,061,455.96	949,525,798.24
	Harbin Electric Industrial Development Co., Ltd	2,756,658.14	5,719,761.64
	Harbin Harbin Industrial Development Co.	2,228,857.89	5,954,079.68
	Jiamusi Electric Machinery Factory Limited Liability Company	12,315,770.87	843,043.90
	Harbin Haqqi Industrial Development Corporation	585,160.73	15,083,375.32
	Harbin Electric Group International Trade Co.	22,976,880.44	18,510,395.69
	Harbin Sanlian Business Service Co.	3,575,652.60	2,563,881.86
	Harbin Harbin Pengbo Economic and Trade Co.	557,107.61	673,821.17
	Harbin Hadian Property Management Co.	3,640,311.60	2,141,456.73
	Harbin Electric Group Marine Intelligent Equipment Co.	95,071,017.58	111,249,408.06
	HEC Harbin Enterprise Management Service Co.	100,935.87	32,304.33
	Hadian Group Biomass Power Generation (Fuyuan) Co.	197,771.48	11,128,031.74
	Jiamusi Explosion-proof Motor Research Institute Co.	21,518,776.01	25,213,870.46
Short-term borrowing			
	Harbin Electric Group Co., Ltd	3,405,881,210.38	2,848,133,158.88
Accounts receivable in advance			
	Jiamusi Electric Co., Ltd	55,292.00	85,292.00
	Harbin Electric Power Equipment Co., Ltd	29,097,748.75	36,451,784.29
Accounts payable			
	Harbin Sanlian Business Services Co., Ltd	1,628,795.00	11,373,400.00
	Harbin Electric Property Management Co., Ltd	48,958.67	507,461.90
	Harbin Electric Industrial Development Co., Ltd	226,552.58	672,177.18
	Harbin Electric Group Jiamusi Electric Co., Ltd	258,180.00	2,328,070.99
	Jiamusi Electric Co., Ltd	269,373.38	419,197.66
	Harbin Industrial Development Co., Ltd	259,347,177.25	228,416,932.49
	Harbin Electric Power Group Biomass Power Generation (Wangkui) Co., Ltd		194,000.00
	Harbin Electric Group Jiamusi Electric Co., Ltd		4,550,000.00

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

### 12. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### (1) Other related parties (Continued)

##### 1. Receivables and payables from related parties (Continued)

##### (2) Payments payable by the Company to related parties (Continued)

The name of the project	Related party	Closing balance	Opening balance
Other payables	Harbin Harbin Electric Industrial Development Co., Ltd		56,199.02
	Harbin Electric Group Co., Ltd	6,995,504.60	6,995,504.60
Interest payable	Harbin Electric Power Group Harbin Enterprise Management Service Co., Ltd	2.80	3.45
	Harbin Electric Group International Trade Co., Ltd	2,850.50	6,382.12
	Harbin Harbin Electric Industrial Development Co., Ltd	517.42	2,252.04
	Harbin Electric Group Co., Ltd	7,496,879.60	7,770,333.11
	Harbin Harbin Electric Property Management Co., Ltd	479.43	917.72
	Harbin Electric Power Group Biomass Power Generation (Fuyuan) Co., Ltd	5.54	2,242.89
	Jiamusi Electric Machinery Factory Co., Ltd	1,819.08	157.15
	Harbin Industrial Development Co., Ltd	253.48	1,256.49
	Harbin Electric Group Marine Intelligent Equipment Co., Ltd	480,090.37	1,099,204.44
	Harbin Sanlian Business Services Co., Ltd	447.29	1,264.24
	Harbin Pengbo Economic and Trade Co., Ltd	0.69	90.29
	Harbin Automobile Industrial Development Corporation	23.23	1,637.75
	Harbin Electric Power Equipment Co., Ltd		717.49
	Jiamusi Electric Co., Ltd		1,823.24
Notes payable	Jiamusi Explosion-proof Motor Research Institute Co., Ltd	597.74	2,696.48
	Harbin Electric Property Management Co., Ltd		204,393.76
Long-term payables	Harbin Electric Group Co., Ltd	1,000,000.00	1,000,000.00
Long-term payables	Harbin Electric Group Co., Ltd	2,500,000.00	2,500,000.00

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

### 13. EXPLANATION OF CONTINGENCIES

#### (1) Contingent liabilities

##### 1. Contingent liabilities arising from the provision of debt guarantees for other units

As of December 31, 2024, the Company provided guarantees for the loans of the following entities :

		Guaranteed Object					Among them:				
			The nature of the enterprise	Collateral method	Types of Guarantees	Anti-collateralization method	The actual amount of the guarantee	the amount of new guarantee this year	Guaranteed Object status quo	Whether it is overdue	Whether or not to be sued
S.N.	Guarantor unit	Name									
Total (for intra-group)							909,844,376.80				
1	Harbin Electric Co., Ltd	Harbin Electric International Engineering Co.	State-owned holdings	Joint and several liability guarantee	Performance Bonds	No Counter-Warranties	8,051,008.00		Normal operations	No	No
2	Harbin Electric Co., Ltd	Harbin Electric International Engineering Co.	State-owned holdings	Joint and several liability guarantee	Performance Bonds	No Counter-Warranties	10,926,368.00		Normal operations	No	No
3	Harbin Electric Co., Ltd	Harbin Electric International Engineering Co.	State-owned holdings	Joint and several liability guarantee	Performance Bonds	No Counter-Warranties	601,764,700.80		Normal operations	No	No
4	Harbin Electric Co., Ltd	Harbin Electric International Engineering Co.	State-owned holdings	Joint and several liability guarantee	Loan guarantees	No Counter-Warranties	289,102,300.00		Normal operations	No	No

##### 2. The contract has been signed but no commitment to purchase and construction assets has occurred

As of December 31, 2024, the Company still had a total of RMB66,917,459.92 of large contract expenditures for the purchase and construction of assets that have been signed but not incurred, as follows:

Company name	The amount of the contract that has not yet been paid	Estimated investment period
Harbin Steam Turbine Factory Co., Ltd	212,256,528.70	2025Year
Total	212,256,528.70	

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

### 13. EXPLANATION OF CONTINGENCIES (CONTINUED)

#### (2) Contingent assets

As of December 31, 2024, the Company had no material contingent assets that need to be explained.

### 14. EVENTS AFTER THE BALANCE SHEET DATE

As of the date of approval of the financial report, the Company has no other material balance sheet events that should be disclosed and not disclosed.

### 15. EXPLANATION OF OTHER IMPORTANT MATTERS

#### (一) Related party relationships and their transaction segment information

##### 1. *Basis for determining the reporting segment and accounting policies*

Based on the internal organizational structure, management requirements and internal reporting system, the Company's main business is divided into three business systems: new power system with new energy as the main body, clean and efficient industrial system, and green and low-carbon drive system, and at the same time, the financial company and other non-main businesses are treated as separate business segments. Each of the Company's reporting segments offers different products or services or operates in different regions. As each segment requires different technology or market strategies, the Company's management manages the operating activities of each reporting segment separately and evaluates the operating results of these reporting segments on a regular basis to determine the allocation of resources to them and evaluate their performance.

The inter-segment transfer price is determined on the basis of the actual transaction price, and the expenses indirectly attributable to each segment are allocated among the segments in proportion to revenue. Assets are allocated according to the operation of the segment and the location of the assets, and segment liabilities include liabilities attributable to the segment arising from the segment's operating activities. If expenses related to liabilities shared by multiple operating segments are allocated to those operating segments, the shared liabilities are also allocated to those operating segments.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

### 15. EXPLANATION OF OTHER IMPORTANT MATTERS (CONTINUED)

#### (一) Related party relationships and their transaction segment information (Continued)

##### 1. Report the financial information of the segment

##### (1) 2024 Segment Financial Information

Unit: 10,000 yuan

Project	A new type of power system with new energy as the main body	Green and low-carbon drive system	Green and low-carbon drive system	Other businesses	Offset	Total
1. Operating income	3,138,229.82	473,516.84	68,006.41	672,329.63	-522,298.14	3,829,784.56
Among them: income from external transactions	2,698,676.98	453,625.96	66,086.78	611,394.85		3,829,784.56
Income from intersegment transactions	439,552.84	19,890.88	1,919.63	60,934.78	-522,298.14	
2. Investment income in associates and joint ventures	1,000.92	-940.16	-135.30	732.23	-233.17	424.54
3. Asset impairment losses	33,384.18	5,294.83	283.88	-49,507.42		-10,544.53
4. Credit impairment losses	4,888.07	-4,202.13	-49.60	48,048.01		50,200.34
5. Depreciation and amortization expenses	27,992.54	18,299.82	1,154.04	8,780.85		56,227.24
6. Total profits	142,407.34	8,059.02	1,664.62	68,227.10	-18,419.38	201,938.69
7. Income tax expense	13,990.24	875.93	84.80	15,135.31		30,086.28
8. Net Profit	128,417.10	7,183.09	1,579.82	53,091.79	-18,419.38	171,852.42
9. Total assets	6,344,889.67	1,088,687.19	96,683.43	3,379,022.73	-3,714,667.50	7,194,615.52
10. Total liabilities	4,455,763.04	860,372.47	74,523.99	2,778,363.99	-2,593,394.10	5,575,629.39

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

### 15. EXPLANATION OF OTHER IMPORTANT MATTERS (CONTINUED)

#### (一) Related party relationships and their transaction segment information (Continued)

##### 1. Report the financial information of the segment (Continued)

##### (2) 2023 Segment Financial Information

Unit: 10,000 yuan

Project	A new type of power system with new energy as the main body	Green and low-carbon drive system	Green and low-carbon drive system	Other businesses	Offset	Total
1. Operating income	2,119,851.87	658,235.54	72,622.35	730,145.72	-696,769.05	2,884,086.43
Among them: income from external transactions	1,574,684.79	590,526.01	70,322.92	648,552.70		2,884,086.43
Income from intersegment transactions	545,167.07	67,709.53	2,299.42	81,593.02	-696,769.05	
2. Investment income in associates and joint ventures	4,824.95	-66.20	221.83	619.36	-273.95	5,326.00
3. Asset impairment losses	52,266.08	75.92	2,132.88	3,161.07	-2,472.22	55,163.74
4. Credit impairment losses	5,182.48	-76.68	-803.65	-8,632.26		-4,330.11
5. Depreciation and amortization expenses	41,042.51	2,582.33	16,729.15	11,022.05	-188.50	71,187.54
6. Total profits	92,569.26	3,579.60	504.19	42,089.53	-61,841.90	76,900.67
7. Income tax expense	5,085.09	7.97	2,606.99	7,661.83	0.45	15,362.34
8. Net Profit	87,484.17	3,571.63	-2,102.80	34,427.70	-61,842.36	61,538.34
9. Total assets	6,134,639.72	197,030.39	1,313,985.07	3,535,596.42	-4,051,556.17	7,129,695.43
10. Total liabilities	4,343,376.32	156,563.08	1,052,226.07	3,056,516.91	-2,937,766.51	5,670,915.87



## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

### 16. NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS

#### 1.16.1 Accounts receivable

##### 2.16.1.1 Disclosure of accounts receivable by aging

Aging	Closing balance	Opening balance
Within one year	568,015,023.05	936,231,868.63
1-2 years	419,428,487.57	585,236,021.76
2-3 years	345,650,145.85	301,887,892.64
Over 3 years	702,584,153.68	703,371,195.42
Sub-total	2,035,677,810.15	2,526,726,978.45
Less: provision for bad debts	931,290,859.29	959,194,271.60
Total	1,104,386,950.86	1,567,532,706.85

##### 3.16.1.2 Disclosure under the methods of provision for bad debts by category

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debts			Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	Book balance	Amount	Proportion (%)	Amount	Proportion of provision (%)	Book balance
Provision for bad debts accrued on an individual basis	8,644,000.00	0.42			8,644,000.00	8,644,000.00	0.34			8,644,000.00
Provision for bad debts accrued on a portfolio basis	2,027,033,810.15	99.58	931,290,859.29	45.94	1,095,742,950.86	2,518,082,978.45	99.66	959,194,271.60	38.09	1,558,888,706.85
Including: : Accounts receivable with bad debt provision based on a combination of credit risk characteristics	2,027,033,810.15	99.58	931,290,859.29	45.94	1,095,742,950.86	2,518,082,978.45	99.66	959,194,271.60	38.09	1,558,888,706.85
Total	2,035,677,810.15	—	931,290,859.29	45.75	1,104,386,950.86	2,526,726,978.45	—	959,194,271.60	37.96	1,567,532,706.85

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

### 16. NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 1.16.1 Accounts receivable (Continued)

##### 4.16.1.3 Provision for bad debts accrued on single basis

Company name	Book value	Provision for bad debts	Proportion of provision (%)	Reason of provision
Harbin Electric International Engineering Co., Ltd	8,644,000.00			No provision for connected parties
Total	8,644,000.00		—	—

##### 16.1.4 Provision for bad debts accrued on a portfolio basis

##### Aging combination

Aging	Closing balance			Opening balance		
	Book balance Amount	Proportion (%)	Provision for bad debts	Book balance Amount	Proportion (%)	Provision for bad debts
Within 1 year	568,015,023.05	28.02	28,400,751.15	936,231,868.63	37.18	46,811,593.43
1 – 2 years	419,428,487.57	20.69	104,857,121.89	585,236,021.76	23.24	146,309,005.44
2 – 3 years	345,650,145.85	17.05	172,825,072.93	301,887,892.64	11.99	150,943,946.32
Over 3 years	693,940,153.68	34.23	625,207,913.32	694,727,195.42	27.59	615,129,726.41
Total	2,027,033,810.15	—	931,290,859.29	2,518,082,978.45	—	959,194,271.60

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

### 16. NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 1.16.1 Accounts receivable (Continued)

16.1.5 Top 5 of accounts receivable as at December 31, 2024, presented by debtor

Debtor	Book balance	Proportion in the total accounts receivables (%)	Provision for bad debts
China Power Engineering Consultant Group North China Electric Power Design Institute Co.	91,606,324.78	4.50	47,288,273.32
Shanghai Energy Technology Development Co.	140,752,000.00	6.91	40,001,600.00
Northwest Power Engineering Contracting Co.	132,820,563.60	6.52	41,240,529.95
Huaneng Longdong Energy Limited Liability Company Zhengning Power Plant	152,666,275.65	7.50	7,633,313.78
Luoyang Wanzhong Jili Thermal Power Co.	185,070,444.00	9.09	185,070,444.00
Total	702,915,608.03	34.53	321,234,161.05

#### 16.2 Other receivables

Item	Closing balance	Opening balance
Interest receivable	2,194,647.01	912,089.45
Dividends receivable	2,070,202.60	1,050,000.00
Other receivables	449,252,625.22	447,622,761.62
Total	453,517,474.83	449,584,851.07

Note: Other receivables in the above table refer to other receivables after deducting interest receivable and dividends receivable.

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

### 16. NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 16.2 Other receivables (Continued)

##### 16.2.1 Interest receivable

Item	Closing balance	Opening balance
Entrusted loans	2,076,866.28	123,637.50
Other	117,780.73	788,451.95
Total	2,194,647.01	912,089.45

##### 16.2.2 Dividends receivable

Item	Closing balance	Opening balance	Reasons for non-recovery	Whether impairment has occurred and the basis for judging it
Dividends receivable less than one year old	1,020,202.60			
Harbin Electric Power Science and Trade Co.	1,020,202.60		Connected parties	
Dividends receivable that are more than one year old	1,050,000.00	1,050,000.00		
Harbin Electric Power Science and Trade Co.	1,050,000.00	1,050,000.00	Connected parties	
Total	2,070,202.60	1,050,000.00		

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

### 16. NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 16.2 Other receivables (Continued)

##### 16.2.3 Other receivables

##### (1) Disclosure by aging

Aging	Closing balance	Opening balance
Within 1 year	4,544,946.97	1,486,780.89
1 – 2 years	6,367.40	2,340,354.05
2 – 3 years	2,340,354.05	1,622,603.47
Over 3 years	453,848,543.84	455,200,670.37
subtotal	460,740,212.26	460,650,408.78
Less: provision for bad debts	11,487,587.04	13,027,647.16
Within 1 year	449,252,625.22	447,622,761.62

##### (2) Provision for bad debts accrued on a portfolio basis

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debts			Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	Book value	Amount	Proportion (%)	Amount	Proportion of provision (%)	Book value
Provision for bad debts accrued on an individual basis	444,237,596.65	96.42			444,237,596.65	443,599,912.10	96.30			443,599,912.10
Provision for bad debts accrued on a portfolio basis	16,502,615.61	3.58	11,487,587.04	69.61	5,015,028.57	17,050,496.68	3.70	13,027,647.16	76.41	4,022,849.52
Tota	460,740,212.26	—	11,487,587.04	2.49	449,252,625.22	460,650,408.78	—	13,027,647.16	2.83	447,622,761.62

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

### 16. NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 16.2 Other receivables (Continued)

##### 16.2.3 Other receivables (Continued)

##### 3. Other receivables for which expected credit losses are separately accrued

The name of the organization	Closing balance		
	Closing balance	Provision for bad debts	Reason for provision
			Proportion (%)
Harbin Electric Group (Qinhuangdao) Heavy Equipment Co., Ltd	433,715,134.77		No provision for connected parties
Harbin Electric Power Technology and Trade Co., Ltd	9,884,777.33		No provision for connected parties
total	443,599,912.10		—

##### 4. Other receivables that make provision for bad debts based on the combination of credit risk characteristics

Other receivables that use the ageing portfolio to provide for expected credit losses

Aging	Closing balance			Opening balance		
	Book balance	Provision for bad debts	Provision for bad debts	Book balance	Provision for bad debts	Book balance
	Amount			Amount		
Within one year	3,907,262.42	23.68	195,363.12	1,486,780.89	8.72	74,339.04
1-2 years	6,367.40	0.04	1,591.85	2,340,354.05	13.73	585,088.51
2-3 years	2,340,354.05	14.18	1,170,177.03	1,622,603.47	9.52	811,301.74
Over 3 years	10,248,631.74	62.10	10,120,455.04	11,600,758.27	68.04	11,556,917.87
Total	16,502,615.61	—	11,487,587.04	17,050,496.68	—	13,027,647.16

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

### 16. NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 16.2 Other receivables (Continued)

##### 16.2.3 Other receivables (Continued)

5. Provision for bad debts of other receivables accrued, recovered or reversed in the current period

	Phase 1	Phase 2	Phase 3	
		Expected credit losses over the entire duration	Expected credit loss over the entire duration	
		(no credit impairment occurred)	(credit impairment incurred)	
Provision for bad debts	Expected credit losses over the next 12 months			Total
Opening balance	13,027,647.16			13,027,647.16
The opening balance is in the current period				
– Move to the second stage				
– Move to the third stage				
– Move to the second stage				
– Move to the first stage				
Accrual for the current period	834,208.88			834,208.88
This issue is reversed				
Resold in this period	-2,374,269.00			-2,374,269.00
Write-off in the current period				
Other changes				
Closing balance	11,487,587.04			11,487,587.04

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

### 16. NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 16.2 Other receivables (Continued)

##### 16.2.3 Other receivables (Continued)

##### 6. Other receivables with the top five closing balances collected by the debtor

Name of the debtor	Nature of the money	Book balance	Ageing	Proportion of total closing balance of other receivables (%)	Provision for bad debts
Harbin Electric Group (Qinhuangdao) Heavy Equipment Co., Ltd	Current Payments	433,715,134.77	Over 5 years	94.13	
Harbin Power Technology Trading Co., Ltd	Current Payments	9,884,777.33	Over 5 years	2.15	
Harbin Xiangfang District Agency Logistics Service Center	Rent	2,762,035.52	3-4Year	0.60	1,507,522.20
Sinotrans Qinhuangdao Co., Ltd	Deposit	2,696,105.38	Over 5 years	0.59	2,696,105.38
China Electric Energy Equipment Co., Ltd	Deposit	2,000,000.00	Over 5 years	0.43	2,000,000.00
Total	—	451,058,053.00	—	97.90	6,203,627.58

#### 16.3 Long-term equity investments

##### 16.3.1 Classification of long-term equity investment

Items	Opening balance	Increase in 2024	Decrease in 2024	Closing balance
Investments in subsidiaries	9,168,381,896.02	205,412,931.22	120,004,550.35	9,253,790,276.89
Investment in joint ventures	151,100,435.51		53,814,492.30	97,285,943.21
Investment in associates	525,856,082.66	93,285,680.93		619,141,763.59
Subtotal	9,845,338,414.19	298,698,612.15	173,819,042.65	9,970,217,983.69
Less: Provision for impairment of long-term equity investments	87,811,282.29			87,811,282.29
Investments in subsidiaries long-term equity investments				
Total	9,757,527,131.90	298,698,612.15	173,819,042.65	9,882,406,701.40



## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

### 16. NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 16.3 Long-term equity investments (Continued)

##### 16.3.2 Investment in subsidiaries

Investee	Cost of investment	Opening balance	Increase in 2024	Decrease in 2024	Closing balance	Provision for impairment in the current period	Balance of provision for impairment as at December 31, 2024
Harbin Electric Group Finance Co., Ltd	833,787,946.00	837,122,531.11			837,122,531.11		
Harbin Boiler Plant Co., Ltd	949,841,367.00	949,841,367.00	5.43		949,841,372.43		
Harbin Steam Turbine Factory Co., Ltd	2,754,910,578.05	2,549,497,659.04	205,412,919.01		2,754,910,578.05		
Harbin Electric Machinery Factory Co., Ltd	951,874,434.97	951,874,434.97	6.66		951,874,441.63		
Harbin Electric Group (Qinhuangdao) Heavy Equipment Co., Ltd	844,268,274.86	844,268,274.86			844,268,274.86		
Harbin Electric International Engineering Co., Ltd	2,000,000,000.00	2,000,000,000.00	0.12		2,000,000,000.12		
Harbin Electric Power Generation Equipment National Engineering Research Center Co., Ltd	120,004,550.35	120,004,550.35		120,004,550.35			
Harbin Electric Power Group Harbin Power Station Valve Co., Ltd	97,002,844.08	97,002,844.08			97,002,844.08		
Harbin Harbin Electric Co., Ltd	25,780,234.61	25,780,234.61			25,780,234.61		
Harbin Power Technology Trading Co., Ltd	15,000,000.00	15,000,000.00			15,000,000.00		
Shenzhen Hadonghuihua Industry and Trade Co., Ltd	3,000,000.00	3,000,000.00			3,000,000.00		3,000,000.00
Harbin Electric Group Shanxi Environmental Protection Engineering Co., Ltd	49,980,000.00	49,980,000.00			49,980,000.00		
Harbin Electric Financial Leasing (Tianjin) Co., Ltd	400,000,000.00	400,000,000.00			400,000,000.00		
Harbin Electric Power Group Biomass Power Generation (Wangkui) Co., Ltd	136,100,000.00	136,100,000.00			136,100,000.00		
Harbin Electric Power Group Biomass Power Generation (Dehui) Co., Ltd	138,910,000.00	138,910,000.00			138,910,000.00		
Harbin Electric Science and Technology Co., Ltd	20,000,000.00	20,000,000.00			20,000,000.00		
Harbin Electric Materials Co., Ltd	30,000,000.00	30,000,000.00			30,000,000.00		
Total	9,370,460,229.92	9,168,381,896.02	205,412,931.22	120,004,550.35	9,253,790,276.89		3,000,000.00

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

### 16. NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 16.3 Long-term equity investments (Continued)

##### 16.3.3 Investment in joint ventures

Investee	Changes in the current period										Closing balance	Balance of provision for impairment as at December 31, 2022
	Cost of investment	Opening balance	Additional investment	Decrease Investment	Profit or loss on investments recognized under the equity method	Adjustment to other comprehensive income	Cash dividends or profit declared to be distributed	Provision for impairment	Others			
Total	867,353,751.40	676,956,518.17	1,660,000.00		37,873,867.10		62,678.47				716,427,706.80	84,811,282.29
1. Joint ventures	182,175,000.00	151,100,435.51			-53,814,492.30						97,285,943.21	
Harbin Electric General Gas Turbine (Qinhuangdao) Co., Ltd	179,800,000.00	151,100,435.51			-53,814,492.30						97,285,943.21	
Russian-Chinese Power Equipment LLC	2,375,000.00											
2. Joint ventures	685,178,751.40	525,856,082.66	1,660,000.00		91,688,359.40		62,678.47				619,141,763.59	84,811,282.29
GE-Harbin Power Energy Services (Qinhuangdao) Co., Ltd	17,739,800.00	102,367,841.86			18,070,541.64						120,438,383.50	
Harbin Ruifeng New Energy Co., Ltd	50,160,000.00	50,211,038.37	1,660,000.00		3,912,803.30		62,678.47				55,721,163.20	
Liaocheng Xiangguang Power Generation Co., Ltd	116,179,000.00	116,179,000.00			844,689.16						117,023,689.16	84,811,282.29
Harbin Electric Power Equipment Co., Ltd	501,099,951.40	257,098,202.43			68,860,325.30						325,958,527.73	

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

### 16. NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 16.4 Operating revenue and operating costs

*Information on operating revenue*

Item	Current Year		Prior Year	
	Revenue	Expenses from costs	Revenue	Expenses from costs
Primary business	5,654,510,115.03	5,604,797,387.54	5,604,309,963.52	5,600,298,729.82
Other business	32,014,770.95	6,836,869.22	13,265,663.30	4,484,280.51
Total	5,686,524,885.98	5,611,634,256.76	5,617,575,626.82	5,604,783,010.33

#### 16.5. Investment income

Source of investment income	Current Year	Prior Year
Income from long-term equity investments accounted for by the equity method	37,873,867.10	53,814,227.05
Long-term equity investment income accounted for by the cost method	216,926,536.43	823,268,543.00
Investment income from the disposal of long-term equity investments	-60,167,361.66	-135,123,753.11
Investment income during the holding period of investments in other equity instruments	500,000.00	270,000.00
Total	195,133,041.87	742,229,016.94

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

### 17. SUPPLEMENTARY INFORMATION

#### 17.1 Breakdown of non-recurring profit or loss in 2024

Item	Amount	Note
Gains and losses on disposal of non-current assets	-31,644,682.50	
Government subsidies included in the current profit or loss (except for government subsidies that are closely related to the business of the enterprise and are enjoyed in accordance with the national unified standard or in a fixed amount)	89,635,602.50	
Gains and losses from changes in fair value of financial assets and liabilities held by non-financial corporations and gains and losses from the disposal of financial assets and liabilities, except for effective hedging operations related to the Company's normal business operations	21,792,958.49	
Occupancy fees charged to non-financial corporations included in profit or loss for the period		
Gains and losses on entrusted investments or management of assets	3,648,848.00	
Gains and losses on external entrusted loans		
Provision for impairment of various assets due to force majeure factors, such as natural disasters		
Reversal of provision for impairment of receivables individually tested for impairment	195,910,882.73	
The cost of investments in subsidiaries, associates and joint ventures acquired by an enterprise is less than its share of the gain arising from the fair value of the investee's identifiable net assets at the time of investment acquisition		
Net profit or loss for the period from the beginning of the period to the date of consolidation of subsidiaries resulting from a business combination under the same control		
Gains or losses on the exchange of non-monetary assets		
Profit or loss on entrusting others to invest or manage assets	38,197,239.23	
One-time costs incurred by the enterprise due to the fact that the relevant business activities are no longer continuing, such as expenses for relocating employees		
One-time effect on current period's profit or loss due to adjustments in tax, accounting and other laws and regulations		
One-time share-based payment expense recognized for cancellation and modification of equity incentive plans		
For cash-settled share-based payments, gains and losses arising from changes in the fair value of employee compensation payable after the date of exercise of options		

## NOTES TO THE FINANCIAL STATEMENTS OF 2024 (CONTINUED)

In addition to the special note, the unit of amount is CNY

### 17. SUPPLEMENTARY INFORMATION (CONTINUED)

#### 17.1 Breakdown of non-recurring profit or loss in 2024 (Continued)

Item	Amount	Note
Gains and losses arising from changes in the fair value of investment properties subsequently measured using the fair value model		
Gains arising from transactions at significantly unfair prices		
Gains and losses arising from contingencies unrelated to the Company's normal business operations	-120.00	
Custody fee income obtained from entrusted operations	3,094,339.62	
Other non-operating income and expenses other than those listed above	-4,309,611.45	
Other profit or loss items that meet the definition of non-recurring profit or loss	12,305,629.00	
Subtotal	328,631,085.62	
Less: Income tax impact	47,319,920.01	
Less: Impact of minority interests (after tax)	-37.46	
Net non-recurring gains or losses attributable to the parent company	281,311,203.07	
Net profit attributable to the parent company	1,685,571,289.41	
Total net profit attributable to the parent after deducting non-recurring gains and losses	1,404,260,086.34	

#### 17.2 Return on net assets and earnings per share

Profit for the reporting period	Weighted average Return on equity (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net income attributable to common shareholders of the Company	11.49	0.754	0.754
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring gains and losses	9.57	0.628	0.628

Harbin Electric Co., Ltd  
March 26, 2025

## DISCLOSURE OF SIGNIFICANT EVENTS

### PRODUCTION AND OPERATION EVENTS

In April 2024, the demonstration project of the world's unit (set) of 300MW compressed gas energy storage plant in Yingcheng, Hubei participated by the Company, was successfully connected to the grid in a single attempt, creating three world records in terms of single unit power, energy storage scale and conversion efficiency; six industry demonstration data, dozens of international firsts and the world's first breakthrough.

In July 2024, the world's largest single-unit capacity Zala 500MW impact hydroturbine model developed by the Company passed the acceptance with the optimal efficiency and weighted average efficiency being the highest in China and the trial result reaching the world's advanced level; in October, the first set of water distribution ring pipes for the Zala impact hydroturbine was successfully manufactured; and in December, the welding and manufacturing of the runner for the world's largest-sized Zala impact hydroturbine generator unit were successfully completed.

In September 2024, Unit 1 of the Panshan 2×530 MW Unit Innovation Upgrade and Life Extension Project, which was the demonstration project of the first unit (set) of major technological equipment in the national energy field and the first large-scale renovation project in China to realize cross-generation upgrading of parameters developed by the Company, was put into full-load test operation.

In November 2024, Unit 1 of the world's first 660MW ultra-supercritical circulating fluidized bed (CFB) power generation project in Binchang, Shaanxi, featuring the highest parameters and the largest single-unit capacity developed by the Company, successfully passed the 168-hour full-load test operation and officially commenced commercial operation. The boiler equipment of the project is currently the CFB power generation boiler with the highest parameters and the largest single-unit capacity, representing the world's highest level of the CFB boiler technology.

In 2024, the Company achieved significant breakthroughs in the international market development, successfully obtaining the general contract for the Rumah 2 and Nairyah 2 Joint Circulation Project in Saudi Arabia, and continuously contributing China's wisdom and strength to promote the optimization, transformation and upgrade of the global energy structure.

### OTHER EVENTS

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 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 is currently organizing the participants to exercise their rights for the third exercise period, with the exercise validity period ending on 28 January 2026. Pursuant to the share appreciation rights incentive plan, for the Company's final dividend distributions for the years 2022 and 2023 and the issuance of additional domestic shares implemented in 2023, the adjusted number of grants under the share appreciation rights incentive plan of the Company is 42,368,968 shares with an exercise price of HK\$2.4735 per share.

On 6 December 2024, the Company convened an extraordinary general meeting and appointed Mr. Cao Zhi-an, Mr. Huang Wei, Mr. Shen Tong, Mr. He Yu, Mr. Pan Qi-long, Ms. Niu Xiang-chun and Mr. Gao Yi-bin as directors of the tenth session of the Board of Directors of the Company; appointed Mr. Liu Wei-min, Mr. Zhu Peng-tao and Mr. Zhang Jun as shareholder representative supervisors of the tenth session of the Supervisory Committee of the Company; meanwhile, Mr. Yang Yu-long and Mr. Zhao Xin were democratically re-elected by the employees of the Company as the employee representative supervisors of the tenth session of the Supervisory Committee of the Company.

## INFORMATION ON THE COMPANY

### REGISTERED NAME OF THE COMPANY

哈爾濱電氣股份有限公司

### ENGLISH NAME OF THE COMPANY

Harbin Electric Company Limited

### REGISTERED ADDRESS OF THE COMPANY

1399 Chuangxinyi Road  
Songbei District  
Harbin  
Heilongjiang Province  
The People's Republic of China  
Unified social credit code: 91230100127575573H

### PRINCIPAL PLACE OF BUSINESS IN THE PRC

1399 Chuangxinyi Road  
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Heilongjiang Province  
The People's Republic of China  
Postcode: 150028  
Tel: 86-451-82135727 or 58590070  
Fax: 86-451-82162088  
Website: www.hpec.com

### PLACE OF BUSINESS IN HONG KONG

Room 1601, 16th Floor  
LHT Tower  
31 Queen's Road Central  
Hong Kong

### LEGAL REPRESENTATIVE

Mr. Cao Zhi-an

### AUTHORISED REPRESENTATIVES

Mr. Huang Wei  
Mr. Ai Li-song

### COMPANY SECRETARY

Mr. Ai Li-song

### JOINT COMPANY SECRETARY

Mr. Tung Tat Chiu, Michael

### AUDITORS

#### **Da hua Certified Public Accountants (special general partnership)**

12th Floor, Building No. 7, Block No. 16  
Xi Si Huan Zhong Road, Hai Din District, Beijing  
The People's Republic of China  
Postcode: 100039

### LEGAL ADVISORS

*as to PRC Law*

#### **Beijing HAIWEN & PARTNERS**

20/F, Fortune Financial Centre  
No. 5, Dongsanhuan Central Road  
Chaoyang District  
Beijing  
The People's Republic of China

## DOCUMENTS AVAILABLE FOR INSPECTION

1. The original copy of the 2024 Annual Report of the Company
2. The original copy of the Company's audited financial statements





哈尔滨电气股份有限公司  
HARBIN ELECTRIC COMPANY LIMITED

