REPORT OF THE DIRECTORS

The Board of Directors (the "Board") of Harbin Electric Company Limited (the "Company") is pleased to announce the operating results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2017, which were prepared in accordance with the Chinese Enterprises Accounting Standard. Such operating results have not been audited but have been reviewed by BDO China Shu Lun Pan Certified Public Accountants LLP.

The Board is of the view that the operating results of the Group for the six months ended 30 June 2017 do not deviate from any part of the Chinese Accounting Standards for Business Enterprises in material aspects.

The currency mentioned in this report was Renminbi.

INDUSTRY DEVELOPMENT AND BUSINESS REVIEW

During the first half of 2017, the investment in domestic power supply in China

OPERATING RESULTS

PRODUCTION AND SERVICES

The capacity of the Group's power equipment produced during the six months ended 30 June 2017 was 9,284 MW, a decrease of 29.6% as compared with the same period last year, and among which 8 water turbine generators generated 1,294 MW, a decrease of 48.2% as compared with the same period last year; 24 steam turbine generators generated 7,990 MW, a decrease of 25.2% as compared with the same period last year; 21 utility boilers for power stations generated 9,685 MW, an increase of 42.4% as compared with the same period last year; and 16 steam turbines for power stations generated 6,701 MW, an increase of 30.5% as compared with the same period last year. The changes in production capacity of different kinds of products as compared with the same period last year were mainly attributable to the imbalance in production scheduling for existing orders of the Group.

OPERATING REVENUE AND COST

For the six months ended 30 June 2017, the Group recorded an operating revenue of RMB16,778.05 million, an increase of 13.41% as compared with the same period last year. In particular, operating revenue of main thermal power equipment was RMB6,873.29 million, an increase of 14.98% as compared with the same period last year. Operating revenue of nuclear power equipment was RMB794.45 million, an increase of 11.02% as compared with the same period last year. Operating revenue of main hydropower equipment was RMB608.53 million, a decrease of 58.10% as compared with the same period last year. Operating revenue of engineering services for power stations was RMB6,725.57 million, an increase of 34.67% as compared with the same period last year. Operating revenue of ancillary equipment for power stations was RMB751.69 million, an increase of 25.63% as compared with the same period last year. Operating revenue of AC/DC motors and other products and services was RMB1,024.52 million, a decrease of 2.99% as compared with the same period last year.

During the period, the Group recorded an export turnover of RMB6,650.26 million, accounting for 39.64% of the operating revenue. The exports were mainly to Pakistan, Turkey, Emirates and Ecuador, and the exports to Asia accounted for 32.71% of the export turnover, whereas the exports to Southern America and Africa accounted for 5.10% and 1.83% of the export turnover, respectively.

During the period, the operating cost of the Group was RMB14,668.84 million, an increase of 12.77% as compared with the same period last year, which was mainly attributable to the growth of sales scale.

GROSS PROFIT AND GROSS PROFIT MARGIN

For the six months ended 30 June 2017, the Group realized a gross profit from operating business of RMB2,109.21 million, an increase of 18.04% as compared with the same period last year. The gross profit margin was 12.57%, an increase of 0.49 percentage point as compared with the same period last year.

In particular, the gross profit from main thermal power equipment was RMB1,340.29 million and the gross profit margin was 19.50%, an increase of 3.65 percentage points as compared with the same period last year; the gross profit from nuclear power equipment was RMB181.56 million and the gross profit margin was 22.85%, an increase of 6.34 percentage points as compared with the same period last year; the gross profit from main hydropower equipment was RMB104.19 million and the gross profit margin was 17.12%, an increase of 1.69 percentage points as compared with the same period last year; the gross profit from engineering services for power stations was RMB242.10 million and the gross profit margin was 3.60%, a decrease of 2.04 percentage points as compared with the same period last year; the gross profit from ancillary equipment for power stations was RMB32.62 million and the gross profit margin was 4.34%, a decrease of 11.43 percentage points as compared with the same period last year; and the gross profit from AC/DC motors and other products and services was RMB208.45 million and the gross profit margin was 20.35%, an increase of 8.89 percentage points as compared with the same period last year.

EXPENSES FOR THE PERIOD

For the six months ended 30 June 2017, the Group incurred expenses for the period amounted to RMB1,350.54 million, an increase of RMB55.70 million or 4.30% as compared with the same period last year. In particular, distribution expenses amounted to RMB246.38 million, a decrease of RMB16.18 million or 6.16% as compared with the same period last year; administrative expenses incurred amounted to RMB935.42 million, a decrease of RMB13.48 million or 1.42% as compared with the same period last year; finance costs incurred amounted to RMB168.74 million, an increase of RMB85.36 million or 102.37% as compared with the same period last year.

The increase in expenses for the period was mainly attributable to the increase in net exchange loss for the current period.

ASSETS AND LIABILITIES

As at 30 June 2017, the total assets of the Group amounted to RMB64,206.53 million, a decrease of RMB1,660.98 million or 2.52% over the beginning of the period, and among which the current assets were RMB55,578.37 million, accounting 86.56% of the total assets, and the non-current assets were RMB8,628.16 million, accounting 13.44% of the total assets.

The total liabilities of the Group amounted to RMB49,454.32 million, a decrease of RMB1,770.77 million or 3.46% over the beginning of the period, and among which the current liabilities were RMB48,043.46 million, accounting 97.15% of the total liabilities, and the non-current liabilities were RMB1,410.86 million, accounting 2.85% of the total liabilities, including the five-year domestic corporate bonds with an issuing size of RMB3.0 billion by the Company in March 2013. The balance of bonds payable for the current period was RMB2,998.83 million, which will mature in March 2018. Hence, the balance of bonds payable is reclassified as “non-current liabilities due within one year”. As at 30 June 2017, the gearing ratio of the Group was 77.02% as compared to 77.77% at the beginning of the period.

GEARING RATIO

As at 30 June 2017, the gearing ratio of the Group (calculated as non-current liabilities over total shareholders' equity) was 0.10:1 as compared to 0.33:1 at the beginning of the period. Such change was primarily attributable to the significant decrease in total non-current liabilities as a result of reclassification of balance of bonds payable to "non-current liabilities due within one year" during the period.

MONETARY CAPITAL AND CASH FLOWS

As at 30 June 2017, the monetary capital of the Group was RMB15,006.75 million, representing a decrease of RMB3,083.17 million or 17.04% as compared to the beginning of the period, primarily attributable to the payment for centralized material procurement during the first half of the year. During the period, the negative net cash flow generated from operating activities of the Group was RMB1,855.54 million, while investing activities generated negative net cash flow of RMB1,745.78 million and financing activities generated net cash flow of RMB671.38 million.

FUNDING AND BORROWINGS

The Group currently has four funding sources for operation and development, namely shareholder's funds, trade receivables from customers, bank borrowings and corporate bonds. The Group arranges borrowings for each specific project. Except for some special situations, loans will be raised individually by the Group's subsidiaries. However, prior approval from the parent company is required in respect of borrowings raised for capital investments. As at 30 June 2017, the Group's total borrowings amounted to RMB2,918.01 million, all of which were made by various commercial banks and the state's policy banks at interest rates stipulated by the state. Among the borrowings, the amount due within one year was RMB2,918.01 million, an increase of RMB828.67 million over the beginning of the period. There was no borrowing due after one year. The amounts received in advance were RMB19,839.99 million, a decrease of RMB2,863.54 million over the

MAJOR INVESTMENTS HELD, MAJOR ACQUISITION OR DISPOSAL OF SUBSIDIARIES AND THE FUTURE PLAN ON MAJOR INVESTMENTS OR PURCHASE OF CAPITAL ASSETS

For the six months ended 30 June 2017, the Group had made fixed assets investments of RMB505.65 million, which mainly were utilized for the technology upgrading project for nuclear pump motor units of Harbin Electric Power Equipment Company Limited, the manufacturing base improvement project for main nuclear pump motor units of Harbin Electric Power Equipment Company, the nuclear island main equipment manufacturing automation for nuclear power of Harbin Electric Corporation (QHD) Heavy Equipment Company Limited and other projects.

On 14 March 2017, the Company entered into the joint venture enterprise agreement with General Electric (China) Co., Ltd., accordingly, it was agreed that General Harbin Electric (Qinhuangdao) Gas Turbine Co., Ltd. (哈電通用(秦皇島)燃氣輪機有限公司) be established in Qinhuangdao, Hebei, the PRC, where it will be managed and operated pursuant to the terms of the joint venture enterprise agreement. The registered capital of the joint venture company is RMB667,000,000, with the Company and General Electric (China) Co., Ltd. each to contribute RMB333,500,000 and be entitled to 50% of the registered capital of the joint venture company. The joint venture enterprise agreement will come into effect on the date where the board of directors of each of the Company and General Electric (China) Co., Ltd. approves the joint venture enterprise agreement and transactions contemplated thereunder.

Save as disclosed above, the Group did not have any other major investment, significant acquisition or disposal of subsidiaries, or approve any other major investment or plan on acquisition of capital assets during the period.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The export business and the businesses settled in foreign currencies and all deposits denominated in foreign currencies of the Group are exposed to exchange risk. As at 30 June 2017, the Group's deposits denominated in foreign currencies were equivalent to approximately RMB1,418.77 million. All previous forward exchange contracts of the Group were settled in 2016. As at 30 June 2017, the Group did not enter into any new forward exchange contract.

TAX POLICIES

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

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

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

Under the Opinions of Central Committee of the Communist Party of China and the State Council on the Revitalization Strategies for Historical Industrial Bases of the Northeast Regions (《中共中央、國務院關於實施東北地區等老工業基地振興戰略的若干意見》), the Group will continue to enjoy the relevant favorable policies in supporting such revitalization for historical industrial bases of the northeast regions.

STAFF

As at 30 June 2017, the employees of the Group totaled at 16,278 and the total remuneration amounted to RMB729.91 million.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2017.

PROSPECTS

In 2017, the recovery of global economies has slowed down, while the economic development in China is stable in a slow pace with positive prospect. However, excess production capacity and the dilemma in demand structure still exist. The structural reform in the supply-side has entered into a year of "in-depth" development. In the industry, with the continuous and in-depth implementation of national policies such as the "Three Approvals", the coal power market will remain sluggish, which will have a material impact on the development of power generation equipment enterprises. Among the major business segments of the Group, the coal power segment contributed approximately 41% and 64% of the operating income and operating gross profit, respectively. It is expected that the significant decline in demand in coal power market will have material adverse impact on the operating results of the Group.

The year 2017 is the key time for the reform and transformation of the Group, it is crucial for the implementation of our strategic planning, and laying the foundation for our future development. With the implementation of new policies, new business practice and new business model such as "One Belt One Road", "China Manufacturing 2025" and "Internet+", the fourth industrial revolution will soon occur, bringing new development opportunity to the Group. With the objective of starting its second business and returning to the top tier, the Group is committed to pursuing a new environment for sustainable and healthy development by gearing up against the recession based on the "13th Five-Year Plan", focusing on industrial developments, starting new undertaking, driving with innovation, intensifying reforms, facilitating all-round transformation and upgrading, and disciplining the enterprise.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARE CAPITAL

As at 30 June 2017, the total number of issued shares of the Company was 1,376,806,000 shares, which included 701,235,000 state-owned equity interest shares and 675,571,000 H shares. The interests and short positions of shareholders holding 5% or more of the issued share capital of relevant class of share of the Company, which were required to be recorded under the register of interests and short positions kept by the Company pursuant to Section 336 of the Securities and Futures Ordinance (the "SFO"), are set out as follows:

Long positions in the shares of the Company:

Name of shareholders	Class of shares	Number of shares	Capacity	Percentage to underlying share capital	Percentage to total share capital
Harbin Electric Corporation	State-owned legal person shares	701,235,000	Beneficial owner	100%	50.93%

Save as disclosed above, as at 30 June 2017, the Company did not receive any notification about the interests or short positions in shares or underlying shares of the Company, which are required to be entered in the register pursuant to Section 336 of the SFO.

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

As at 30 June 2017, none of the Directors, Supervisors and senior management of the Company and their associates had any interest and short position in the shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance).

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT COMPLIANCE

As at 30 June 2017, the Company had adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules as its code of conduct for securities transactions by Directors. The Company, having made enquiry, confirms that all Directors have complied with the provisions of the Model Code for Securities Transactions by Directors of Listed Issuers throughout the period.

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

During the six months ended 30 June 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CONTINGENT LIABILITIES

As at 30 June 2017, the guarantees provided by the Company to its subsidiaries and the guarantees between subsidiaries of the Company amounted to RMB2,242.88 million in aggregate. There was no external guarantee of the Group. In addition, as at the end of the interim period, the Group had four pending litigations. For details, please refer to note VIII(2) "Contingency" of this interim report.

PLEDGE OF ASSETS

As at 30 June 2017, the Group pledged its assets of RMB123.90 million (as at 30 June 2016: RMB116.15 million) to secure loans for liquidity.

CORPORATE GOVERNANCE CODE

The Company is currently and had been at all times during the accounting period in compliance with the rules set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Listing Rules, and, where appropriate, has adopted the recommended best practices as specified therein.

THE AUDIT COMMITTEE

The audit committee has reviewed and approved the interim report of the Company for the six months ended 30 June 2017. The members of audit committee of the Company include Liu Deng-qing, Yu Wen-xing and Zhu Hong-jie.

AUDITORS

BDO China Shu Lun Pan Certified Public Accountants LLP, the Company's auditors, have carried out a review of the unaudited interim report for the six months ended 30 June 2017 in accordance with the requirements of "China Certified Public Accountant Review Standard No. 2101 – Review of Financial Statement".

SHAREHOLDERS' MEETING

The 2016 annual general meeting of the Company was held in Harbin, PRC on 26 May 2017, the results of which had been published on the websites of Hong Kong Stock Exchange and the Company.

OTHER DISCLOSEABLE INFORMATION

As at 30 June 2017, the Company did not have any information which was required to be disclosed pursuant to Rules 40.3(a) to (i) under Appendix 16 of the Listing Rules.

DOCUMENTS AVAILABLE FOR INSPECTION

The Articles of Association of the Company and the original copies of the interim report and the reviewed financial statements as at 30 June 2017 are available for inspection at the head office of the Company at 1399 Chuangxinyi Road, Songbei District, Harbin, the PRC.

By Order of the Board
Si Ze-fu
Chairman

Harbin, PRC, 11 August 2017

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

REVIEW REPORT

PCPAR [2017] No. ZG12113

To the Shareholders of Harbin Electric Company Limited

We have reviewed the accompanying financial statements of Harbin Electric Company Limited (Hereafter refer to as “HEC”), which comprise the consolidated balance sheet of the company as at 30 June 2017, and the consolidated income statement of the company, the consolidated cash flow statement of the company and consolidated statement of changes in owner’s equity for the year then ended, and the notes to the financial statements. Preparation and fair presentation of these financial statements is the responsibility of managements of HEC. Our responsibility is to issue review report based on the implementation of review work.

We conducted our review in accordance with Chinese Certified Public Accountants reviewing Standards No. 2101. Those standards require that we plan and perform the review to obtain reasonable assurance whether the financial statements are free from material misstatements. Review limits to inquiring about the staff and implementing financial data analysis program, the level of assurance provided is lower than the audit. We did not perform audit, and therefore do not express an audit opinion.

Based on our review, we did not notice any matter which causes us to believe that the financial statements is not prepared in accordance with International Accounting Standards, failure to fairly reflect the consolidated financial situation in, the consolidated results of operations and cash flow of the reviewed units in all material respects.

BDO China Shu Lun Pan
Certified Public Accountants LLP.

Certified Public Accountant of China:

Certified Public Accountant of China:

Shanghai, China

Date: 10 August 2017

CONSOLIDATION BALANCE SHEET

CONSOLIDATION BALANCE SHEET (CONTINUED)

Non-current liabilities

Total non-current liabilities

Total liabilities

CONSOLIDATION BALANCE SHEET (CONTINUED)

CONSOLIDATION INCOME STATEMENTS

CONSOLIDATION INCOME STATEMENTS (CONTINUED)

Items	Note		
6.Other comprehensive income after tax		[illegible]	[illegible]
(1) Comprehensive income not to be reclassified to profit or loss		[illegible]	[illegible]

CONSOLIDATION CASH FLOW STATEMENT

CONSOLIDATION CASH FLOW STATEMENT (CONTINUED)

Items

II. Cash flows from investing activities:

Total cash inflows from investing activities

CONSOLIDATION CASH FLOW STATEMENT (CONTINUED)

Items

3. Cash flows from financing activities:

Total cash inflows from financing activities

CONSOLIDATION STATEMENTS OF CHANGES IN EQUITY

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

CONSOLIDATION STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

NOTES TO THE FINANCIAL STATEMENTS

1 INFORMATION ABOUT THE COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES

[illegible]

III. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES (CONTINUED)

2 Accounts receivable that are subject to provision by groups based on the credit risk characteristics

Recognition of receivables that are subject to provision by groups based on the credit risk characteristics

Aging Group	[illegible]

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES (CONTINUED)

3. Accounts receivable which are individually insignificant but subject to separate bad debt provision

[illegible]

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

[illegible]

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(I) [illegible]

[illegible]

(II) [illegible]

[illegible] calendar year.

(III) Operating Cycle

The Group's operating cycle is 12 months.

(IV) Reporting currency

The reporting currency of the Company is Renminbi (“RMB”).

(V) Measurement principle

Unless the financial instruments are measured at fair value, the consolidated financial statements are measured by historical cost method.

III. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES (CONTINUED)

(VI) Significant changes in accounting policies and accounting estimates

1. Significant accounting policy changes

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES (CONTINUED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES (CONTINUED)

(VII) Significant changes in accounting policies and accounting estimates (Continued)

IV. TAXATION

(I) Main types of taxes and corresponding tax rates

Tax Type	Tax Basis	Tax rate

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

IV. TAXATION (CONTINUED)

(ii) Tax Preference

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTES TO KEY ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS

V. NOTES TO KEY ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(III) Accounts receivable (Continued)

1. Disclosure by types of accounts receivable (Continued)

V. NOTES TO KEY ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(II) Accounts receivable (Continued)

1. *Disclosure by types of accounts receivable (Continued)*

[illegible]

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO KEY ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(III) Advances paid

Advances paid by age

V. NOTES TO KEY ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(IV) Other receivables

V. NOTES TO KEY ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(IV) Other receivables (Continued)

NOTES TO KEY ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO KEY ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(VI) Changes of investment property, fixed assets, intangible assets and long-term assets

From 1 January 2017 to 30 June 2017, the Company has [illegible] plants and equipments which book value was RMB[illegible]

V. NOTES TO KEY ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(VII) Short-term Borrowings (Continued)

Creditor	[illegible]
[illegible]	[illegible]
Total	[illegible]

(VIII) Notes payable

Type	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
Total	[illegible]

V. NOTES TO KEY ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

([illegible]) Accounts payable

[illegible]

V. NOTES TO KEY ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XII) Bonds payable

1. Breakdown of bonds payable

Items	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]

2. Changes in bonds payable [illegible]

[illegible]

V. NOTES TO KEY ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

([illegible]) Bonds payable (Continued)

V. NOTES TO KEY ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XII) Financial leasing

1. The fixed assets got from financial leasing

None

2. Amount payable of financial leasing

None

(XIII) Share capital

V NOTES TO KEY ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO KEY ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO KEY ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO KEY ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

[illegible]

V. NOTES TO KEY ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

([illegible]) Administrative expenses

[illegible]

([illegible]) Impairment on assets

Item	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]

[illegible]

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO KEY ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Item

V. NOTES TO KEY ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

[illegible] Earnings per share

	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]

[illegible]

V. NOTES TO KEY ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

([illegible]) Restricted assets of ownership or right to use

[illegible]

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

VI. RELATED PARTIES AND RELATED TRANSACTIONS

(I) Related party transactions

1. Continuing related party transactions

VI. RELATED PARTIES AND RELATED TRANSACTIONS (CONTINUED)

(I) Related party transactions (Continued)

Related parties

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

VI. RELATED PARTIES AND RELATED TRANSACTIONS (CONTINUED)

[illegible]

VI. RELATED PARTIES AND RELATED TRANSACTIONS (CONTINUED)

(I) Related party transactions (Continued)

[illegible]

Related parties	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]

(5) [illegible]

Items	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

VI. RELATED PARTIES AND RELATED TRANSACTIONS (CONTINUED)

VI. RELATED PARTIES AND RELATED TRANSACTIONS (CONTINUED)

(II) Receivables from and payables to related parties (Continued)

2\. Payable items

VI. RELATED PARTIES AND RELATED TRANSACTIONS (CONTINUED)

(III) Commitments of related parties

None

(IV) Guarantee of related parties

[illegible]

VII. SHARE-BASED PAYMENT

None

VIII. COMMITMENTS AND CONTINGENCIES

(I) Important commitments

1. Capital commitments

[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]

2. [illegible]

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

VIII. COMMITMENTS AND CONTINGENCIES (CONTINUED)

(ii) Contingencies

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

VIII. COMMITMENTS AND CONTINGENCIES (CONTINUED)

(ii) Contingencies (Continued)

2. Pending litigation

[illegible]

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

VIII. COMMITMENTS AND CONTINGENCIES (CONTINUED)

(ii) Contingencies (Continued)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

VIII. COMMITMENTS AND CONTINGENCIES (CONTINUED)

(ii) Contingencies (Continued)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

VIII. COMMITMENTS AND CONTINGENCIES (CONTINUED)

(ii) Contingencies (Continued)

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
Block 3
Nangang District High Technology
Production Base
Harbin
Heilongjiang Province
People's Republic of China
Taxpayer's Identification Number:
91230100127575573H

OFFICE ADDRESS OF THE COMPANY
1399 Chuangxinyi Road
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Harbin
Heilongjiang Province
People's Republic of China
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Tel: 86-451-82135727 or 58590777
Fax: 86-451-82162088

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LISTING INFORMATION
H Shares
The Stock Exchange of Hong Kong Limited
Stock Code: 1133

DEPOSITARY
The Bank of New York

SHARE REGISTER AND TRANSFER OFFICE
Hong Kong Registrars Limited