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**哈尔滨电气股份有限公司**

**HARBIN ELECTRIC COMPANY LIMITED**

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

(Stock Code: 1133)

## **PROFIT WARNING**

This announcement is made by Harbin Electric Company Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571, the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company and/or potential investors that, based on the preliminary assessment of the information currently available to the Company’s finance department (including but not limited to the unaudited management accounts of the Company for the year ended 31 December 2021 (“**FY2021**”), the Company is expected to record a net loss attributable to the owners of the parent company of approximately RMB4.0 billion to RMB4.5 billion in FY2021 (the corresponding period of last year: a loss of RMB7 million).

The main reasons for the loss of the results of the Company for FY2021 are as follows:

- (1) as affected by the decrease in demand in the traditional power generation equipment industry and the increase in the price of raw materials, the price of products decreased and the cost increased, resulting in an increase in the loss-making contracts of the Company in the current period and which are pending execution, and the gross profit decreased significantly as compared with last year.
- (2) the engineering, procurement and construction projects of overseas power stations have incurred relatively large losses: firstly, due to an increase in the price of construction materials for the projects, an increase in labor costs and construction costs caused by the novel coronavirus COVID-19 pandemic, an increase in project delay costs and other factors, the total execution cost for the projects is expected to increase significantly; secondly, the engineering, procurement and construction projects of overseas power stations are mostly settled in United States dollars, and the constant appreciation of the Renminbi has led to the decline in the gross profit margin of the projects.

- (3) the Company has deepened its internal reform, handed over the retirees to socialised management, and made a one-off provision of the non-planning expenses of retirees, resulting in a year-on-year increase in management expenses for the current period.

The Company is still in the process of finalising the consolidated financial results of the Company for FY2021. The information contained in this announcement is only based on the preliminary assessment of the information currently available to the Company's finance department, and such information has not yet been audited by the auditors or reviewed by the audit committee of the Company. Details of the Company's annual financial results for FY2021 will be disclosed in the annual results announcement of the Company for FY2021, which is expected to be published in March 2022.

**Shareholders of the Company and/or potential investors should exercise caution when dealing in the shares of the Company.**

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

Harbin, PRC  
19 January 2022

*As at the date of this announcement, the executive Directors of the Company are Mr. Cao Zhi-an, Mr. Wu Wei-zhang and Mr. Sun Zhi-yong; and the independent non-executive Directors of the Company are Mr. He Yu, Mr. Hu Jian-min, Mr. Chen Guo-qing and Mr. Tang Zhi-hong.*