

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



SHANGHAI ELECTRIC GROUP COMPANY LIMITED

上海電氣集團股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 02727)

2022 INTERIM RESULTS

PERFORMANCE HIGHLIGHTS

- ▶ Total revenue of the Company for first half of 2022 was RMB50,293 million, a decrease of 19.57% as compared with the corresponding period of last year
- ▶ Loss attributable to owners of the Company for first half of 2022 was RMB991 million, loss attributable to owners of the Company for the corresponding period of last year was RMB4,971 million
- ▶ Basic loss per share of the Company for first half of 2022 was RMB0.06 yuan, basic loss per share of the Company for the corresponding period of last year was RMB0.32 yuan
- ▶ New orders for first half of 2022 amounted to RMB59.24 billion, a decrease of 19.3% as compared with the corresponding period of last year
- ▶ The Board did not recommend the payment of an interim dividend in respect of the Reporting Period

The board of directors (the “**Board**”) of Shanghai Electric Group Company Limited (the “**Company**”) hereby announces the interim results of the Company and its subsidiaries (the “**Group**” or “**Shanghai Electric**”) for the six months ended 30 June 2022. The results have not been audited but have been reviewed by audit committee of the Company. The interim results of the Company for the six months ended 30 June 2022 have been prepared in accordance with China Accounting Standards for Business Enterprises.

SHANGHAI ELECTRIC GROUP COMPANY LIMITED

CONSOLIDATED BALANCE SHEET (UNAUDITED)

AS AT 30 JUNE 2022

(All amounts in RMB'000 Yuan unless otherwise stated)

	Notes	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
Current assets			
Cash at bank and on hand		27,021,683	25,359,181
Clearing settlement funds		15,420	25,214
Placements with banks and other financial institutions		20,538,562	28,992,175
Held-for-trading financial assets		7,741,165	7,603,097
Derivative financial assets		48,010	44,101
Notes receivable		6,458,461	7,811,332
Accounts receivable	3	37,370,943	33,429,218
Receivables financing		1,120,664	1,145,493
Prepayments		14,252,526	13,424,089
Other receivables		9,875,731	8,710,708
Financial assets purchased under resale agreements		1,872,149	188,202
Inventories		33,492,937	32,879,469
Contract assets		33,564,692	31,193,824
Assets held for sale		-	43,708
Non-current assets due within one year		2,833,838	2,820,830
Other current assets		10,673,928	16,105,203
Total current assets		206,880,709	209,775,844
Non-current assets			
Loans and advances		1,833,495	2,138,138
Other debt investments		-	81,874
Long-term receivables		3,782,817	4,258,199
Long-term equity investments		10,731,411	11,401,990
Other non-current financial assets		7,485,763	6,966,597
Investment properties		776,401	822,975
Fixed assets		20,187,179	19,889,387
Constructions in progress		4,403,757	5,024,094
Right-of-use assets		1,339,012	1,441,832
Intangible assets		12,797,233	12,956,893
Research and development expenditures		52,614	40,636
Goodwill		3,890,434	3,954,704
Long-term deferred expenses		578,268	608,848
Deferred tax assets		8,147,741	8,078,305
Other non-current assets		14,101,850	13,361,874
Total non-current assets		90,107,975	91,026,346
TOTAL ASSETS		296,988,684	300,802,190

SHANGHAI ELECTRIC GROUP COMPANY LIMITED

CONSOLIDATED BALANCE SHEET (UNAUDITED) (CONT'D)

AS AT 30 JUNE 2022

(All amounts in RMB'000 Yuan unless otherwise stated)

	Notes	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
Current liabilities			
Short-term borrowings		9,088,819	11,836,366
Held-for-trading financial liabilities		27,875	28,569
Derivative financial liabilities		25,336	9,625
Notes payable		15,013,632	16,578,854
Accounts payable	4	61,529,522	61,303,577
Advances from customers		796,204	738,047
Contract liabilities		38,987,569	39,160,400
Deposits from customers, banks and other financial institutions		5,254,073	5,198,722
Employee benefits payable		3,712,606	4,358,557
Taxes payable		1,437,485	2,180,202
Other payables		8,016,260	8,602,557
Liabilities held for sale		-	35,568
Non-current liabilities maturing within one year		10,075,770	8,274,340
Other current liabilities		10,632,618	10,573,957
Total current liabilities		164,597,769	168,879,341
Non-current liabilities			
Long-term borrowings		24,707,070	23,845,417
Bonds payable	5	3,241,462	2,490,445
Lease liabilities		974,076	1,027,996
Long-term payables		491,534	583,015
Deferred income		1,574,164	1,651,556
Long-term employee benefits payable		213,624	224,673
Provisions		3,105,995	2,912,930
Deferred tax liabilities		721,475	775,648
Other non-current liabilities		180,933	266,816
Total non-current liabilities		35,210,333	33,778,496
Total liabilities		199,808,102	202,657,837
Owners' equity			
Share capital		15,579,809	15,705,971
Capital surplus		21,850,237	22,045,560
Less: treasury stocks		-	(382,271)
Other comprehensive income		(393,079)	(509,829)
Special reserve		164,237	149,948
Surplus reserve		5,906,524	5,906,524
Retained earnings	6	14,227,085	15,218,425
Total equity attributable to equity owners of the Company		57,334,813	58,134,328
Minority interests		39,845,769	40,010,025
Total owners' equity		97,180,582	98,144,353
Total liabilities and owners' equity		296,988,684	300,802,190

SHANGHAI ELECTRIC GROUP COMPANY LIMITED

**CONSOLIDATED INCOME STATEMENT (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

(All amounts in RMB'000 Yuan unless otherwise stated)

	Notes	Unaudited	
		For the six months ended 30 June	
		2022	2021
		RMB'000	RMB'000
Total revenue		50,292,790	62,527,712
Including: Operating revenue	7	50,010,830	62,208,889
Interest income	7	281,883	317,821
Income from handling charges and commissions	7	77	1,002
Total cost of sales		(49,602,344)	(60,587,356)
Including: Operating cost	7	(41,723,987)	(51,928,897)
Interest expenses	7	(29,963)	(44,734)
Handling charges and commissions expenses	7	(443)	(490)
Taxes and surcharges	8	(238,786)	(243,375)
Selling and distribution expenses		(1,574,347)	(2,397,265)
General and administrative expenses		(3,447,486)	(3,276,208)
Research and development expenditures		(1,905,529)	(2,144,225)
Financial expenses - net		(681,803)	(552,162)
Including: Interest expenses		(853,592)	(630,639)
Interest income		239,461	255,543
Add: Other income		470,011	358,436
Investment income		435,495	1,303,752
Including: Share of profit of associates and joint ventures		391,337	731,766
Exchange gain		9,829	975
(Loss)/Gain on changes in fair value		(160,396)	676,492
Loss from credit impairment		(1,112,059)	(6,561,384)
Loss from asset impairment		(344,192)	(2,516,519)
Gains on disposals of assets		74,904	145,624
Operating profit/(loss)		64,038	(4,652,268)
Add: Non-operating income		55,153	148,294
Less: Non-operating expenses		(23,158)	(21,471)
Total profit/(loss)		96,033	(4,525,445)
Less: Income tax expenses	9	(213,584)	(412,695)
Net loss		(117,551)	(4,938,140)
Including: Net profit of the acquiree in a business combination under common control before the combination date		-	-
Attributable to equity owners of the Company		(991,340)	(4,970,832)
Minority interests		873,789	32,692

SHANGHAI ELECTRIC GROUP COMPANY LIMITED

CONSOLIDATED INCOME STATEMENT (UNAUDITED) (CONT'D)
FOR THE SIX MONTHS ENDED 30 JUNE 2022

(All amounts in RMB'000 Yuan unless otherwise stated)

	Notes	Unaudited For the six months ended 30 June	
		2022 RMB'000	2021 RMB'000
Other comprehensive income, net of tax		117,389	14,412
Attributable to equity owners of the Company		116,750	(45,906)
Other comprehensive income that will not be subsequently reclassified to profit or loss		-	(1,901)
Changes arising from remeasurement of net liability or net asset of defined benefit plan		-	(1,901)
Other comprehensive income that will be subsequently reclassified to profit or loss		116,750	(44,005)
Changes in fair value of other debt investments		29,729	(63,103)
Changes in fair value of receivables financing		-	51,396
Provision for credit impairment of receivables financing		(621)	26,020
Cash flow hedges, net of tax		-	(6)
Exchange differences on translation of foreign operations		87,642	(58,312)
Attributable to minority interests		639	60,318
Total comprehensive income		(162)	(4,923,728)
Attributable to equity owners of the Company		(874,590)	(5,016,738)
Attributable to minority interests		874,428	93,010
Earnings per share			
Basic earnings per share (RMB yuan/ share)	10	(0.06)	(0.32)
Diluted earnings per share (RMB yuan/ share)	10	(0.06)	(0.32)

SHANGHAI ELECTRIC GROUP COMPANY LIMITED

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2022

(All amounts in RMB'000 Yuan unless otherwise stated)

1 Company information

Shanghai Electric Group Company Limited (the “**Company**”) is a joint stock limited liability company established in the People’s Republic of China (the “**PRC**”) on 1 March 2004. The registered office of the Company is located on 30th floor, No. 8 Xing Yi Road, Shanghai, the PRC.

During the half year, the Company and its subsidiaries (together the “**Group**”) are engaged in the following principal activities:

(a) the energy equipment segment: design, manufacture and sale of coal-fired power generation and corollary equipment, gas-fired power generation equipment, wind power equipment, nuclear power equipment, energy storage equipment, high-end vessels for chemical industry, and provision of solutions for power grid and industrial intelligent power supply system;

(b) the industrial equipment segment: design, manufacture and sale of elevators, large and medium-sized electric motors, intelligent manufacturing equipment, industrial basic parts and construction industrialization equipment;

(c) the integrated services segment: provision of energy, environmental protection and automation engineering and services, covering traditional and new energy, comprehensive use of solid wastes, sewage treatment, flue gas treatment, rail transit and etc.; industrial internet services; financial services, covering financing leases and insurance brokerage; property management services mainly based on industrial real estate and etc.

In the opinion of the directors of the Company, the parent and the ultimate holding company of the Group is Shanghai Electric Holding Group Co., Ltd (“**SEGC**”), a state-owned enterprise established in the PRC.

The Company has its ordinary shares listed on both the Stock Exchange of Hong Kong Limited and Shanghai Stock Exchange.

2 Basis of preparation

The financial statements were prepared in accordance with the *Accounting Standard for Business Enterprises - Basic Standard*, and the specific accounting standards and other relevant regulations (hereafter collectively referred to as “the Accounting Standards for Business Enterprises” or “CAS”) issued by the Ministry of Finance on 15 February 2006 and in subsequent periods and the disclosure requirements in the *Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No. 15 - General Rules on Financial Reporting* issued by the CSRC.

The financial statements are prepared on a going concern basis.

The new Hong Kong Companies Ordinance came into effect on 3 March 2014. Certain related matters in the financial statements have been disclosed in accordance with the requirements of the Hong Kong Companies Ordinance.

SHANGHAI ELECTRIC GROUP COMPANY LIMITED

**NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL INFORMATION (CONT'D)
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

(All amounts in RMB'000 Yuan unless otherwise stated)

3 Accounts receivable

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Accounts receivable	55,797,423	50,989,672
Less: Provision for bad debts	(18,426,480)	(17,560,454)
	<u>37,370,943</u>	<u>33,429,218</u>

(i) The accounts receivable based on overdue aging was analysed as follows:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Not overdue	15,910,508	15,635,655
Overdue within 1 year	14,581,313	14,364,601
Overdue 1 to 2 years	9,317,578	8,284,690
Overdue 2 to 3 years	7,170,232	6,081,529
Overdue 3 to 4 years	3,519,925	1,644,027
Overdue 4 to 5 years	1,147,717	1,095,355
Overdue over 5 years	4,150,150	3,883,815
	<u>55,797,423</u>	<u>50,989,672</u>

(ii) The aging of accounts receivable based on the date of entry was analysed as follows:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Within 1 year	26,342,263	27,367,203
1 to 2 years	11,457,434	8,424,793
2 to 3 years	8,336,241	8,088,301
3 to 4 years	4,200,956	1,814,957
4 to 5 years	1,269,957	1,125,568
Over 5 years	4,190,572	4,168,850
	<u>55,797,423</u>	<u>50,989,672</u>

SHANGHAI ELECTRIC GROUP COMPANY LIMITED**NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL INFORMATION (CONT'D)
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

(All amounts in RMB'000 Yuan unless otherwise stated)

4 Accounts payable

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Accounts payable	<u>61,529,522</u>	<u>61,303,577</u>

The aging of accounts payable was analysed as follows:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Within 1 year	42,667,556	43,330,538
Over 1 year	<u>18,861,966</u>	<u>17,973,039</u>
	<u>61,529,522</u>	<u>61,303,577</u>

As at 30 June 2022, accounts payable with aging over one year amounted to RMB18,861,966 thousand (31 December 2021: RMB17,973,039 thousand), which mainly comprised payables for construction projects and payables for materials. Such accounts are unsettled as the projects are still under construction.

SHANGHAI ELECTRIC GROUP COMPANY LIMITED

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL INFORMATION (CONT'D) FOR THE SIX MONTHS ENDED 30 JUNE 2022

(All amounts in RMB'000 Yuan unless otherwise stated)

5 Bonds payable

	31 December 2021 (Audited)	Increase in the current period	Exchange differences	Interest accrued at par value	Amortisation of premium or discount	Repayment in the current period	Share transfer in the current period	Transfer to interest payable	30 June 2022 (Unaudited)
Electric convertible bond (a)	2,490,445	-	-	51,449	2,718	-	-	-	2,544,612
2022 green middle-term notes (Phase I) (b)	-	750,000	-	4,098	(1,701)	-	-	-	752,397
	2,490,445								3,297,009
Less: Current portion of bonds payable	-								(55,547)
	<u>2,490,445</u>								<u>3,241,462</u>

- (a) The Group issued on 13 December 2018 the first tranche of medium-term notes of 2018 of Shanghai Electric Group Company Limited with a term of 5 years, interest commencement date of 17 December 2018 and payment date of 17 December 2023, with a planned total issue amount of RMB2.5 billion and an actual total issue amount of RMB2.5 billion. The interest rate was 4.15% (1% above the 3-month Shanghai Interbank Offered Rate as at 14 December 2018) and was issued at par.
- (b) Shanghai Electric Wind Power Group Co., Ltd., a subsidiary of the Group, issued its 2022 green middle-term notes (Phase I) on 29 April 2022 with a term of 3 years. The value date and the redemption date of such notes are 29 April 2022 and 29 April 2025 respectively. The planned total issuance equals the actual total issuance, reaching RMB 750 million. The notes are issued at face value with the interest rate of 3.18%.

SHANGHAI ELECTRIC GROUP COMPANY LIMITED

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL INFORMATION(CONT'D) FOR THE SIX MONTHS ENDED 30 JUNE 2022

(All amounts in RMB'000 Yuan unless otherwise stated)

6 Dividends

For the six months ended 30 June 2022, the Group has not declared or distributed any cash dividends or profits.

7 Operating revenue and operating cost

	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Unaudited)
Revenue from main operations	48,729,792	60,804,425
Revenue from other operations	1,281,038	1,404,464
Interest income	281,883	317,821
Income from handling charges and commissions	77	1,002
	<u>50,292,790</u>	<u>62,527,712</u>
	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Unaudited)
Cost of sales from main operations	41,071,867	51,056,995
Cost of sales from other operations	652,120	871,902
Interest expenses	29,963	44,734
Handling charges and commissions expenses	443	490
	<u>41,754,393</u>	<u>51,974,121</u>

SHANGHAI ELECTRIC GROUP COMPANY LIMITED**NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL INFORMATION (CONT'D)
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

(All amounts in RMB'000 Yuan unless otherwise stated)

7 Operating revenue and operating cost (Cont'd)

Revenue from main operations includes sales revenue from energy equipment, industrial equipment and integrated services. Cost of sales refers to those of products related to main operations. The Group's segment information has been presented in Note 11.

Details of revenue from main operations are as follows:

	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Unaudited)
Sale of goods	36,416,213	44,201,999
Engineering construction	7,888,041	11,784,215
Rendering of services	4,425,538	4,818,211
	<u>48,729,792</u>	<u>60,804,425</u>

Details of revenue from other operations are as follows:

	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Unaudited)
Sales of raw materials	529,954	527,329
Leasing income	257,233	366,827
Finance lease income	89,815	158,655
Rendering of non-industrial services	18,183	73,300
Sales of energy	11,151	14,410
Others	374,702	263,943
	<u>1,281,038</u>	<u>1,404,464</u>

SHANGHAI ELECTRIC GROUP COMPANY LIMITED

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL INFORMATION(Cont'd)
FOR THE SIX MONTHS ENDED 30 JUNE 2022

(All amounts in RMB'000 Yuan unless otherwise stated)

7 Operating revenue and operating cost (Cont'd)

	For the six months ended 30 June 2022(Unaudited)								
	Sales of Goods			Engineering construction					
	China	Other Asian countries/ geographical areas	Other regions	China	Other Asian countries/ geographical areas	Other regions	Rendering of services	Others	Total
Revenue from main operations	32,436,602	464,065	3,515,546	3,385,601	4,325,061	177,379	4,425,538	-	48,729,792
Including: Recognised at a point in time	32,436,602	464,065	3,515,546	-	-	-	59,699	-	36,475,912
Recognised over time	-	-	-	3,385,601	4,325,061	177,379	4,365,839	-	12,253,880
Revenue from other operations	504,906	3,625	21,423	-	-	-	18,183	732,901	1,281,038
	32,941,508	467,690	3,536,969	3,385,601	4,325,061	177,379	4,443,721	732,901	50,010,830
	For the six months ended 30 June 2021(Unaudited)								
	Sales of Goods			Engineering construction					
	China	Other Asian countries/ geographical areas	Other regions	China	Other Asian countries/ geographical areas	Other regions	Rendering of services	Others	Total
Revenue from main operations	40,076,376	729,245	3,396,378	4,668,486	6,779,640	336,089	4,818,211	-	60,804,425
Including: Recognised at a point in time	40,076,376	729,245	3,396,378	-	-	-	43,401	-	44,245,400
Recognised over time	-	-	-	4,668,486	6,779,640	336,089	4,774,810	-	16,559,025
Revenue from other operations	498,876	10,019	18,434	-	-	-	73,300	803,835	1,404,464
	40,575,252	739,264	3,414,812	4,668,486	6,779,640	336,089	4,891,511	803,835	62,208,889

- (i) For the six-month period ended 30 June 2022, the Group did not receive any additional rewards for the early completion of labour services. The Group's revenue from sales of materials is recognised at a time point.

SHANGHAI ELECTRIC GROUP COMPANY LIMITED

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL INFORMATION (CONT'D)
FOR THE SIX MONTHS ENDED 30 JUNE 2022

(All amounts in RMB'000 Yuan unless otherwise stated)

8 Taxes and surcharges

	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Unaudited)
Stamp duty	66,488	64,003
City maintenance and construction tax	59,101	53,740
Real estate tax	50,991	54,248
Educational surcharge	34,485	42,962
Others	27,721	28,422
	<u>238,786</u>	<u>243,375</u>

SHANGHAI ELECTRIC GROUP COMPANY LIMITED

**NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL INFORMATION (CONT'D)
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

(All amounts in RMB'000 Yuan unless otherwise stated)

9 Income tax expenses

	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Unaudited)
Current tax charge for the period	370,977	1,270,700
Annual filing differences for the current period	(33,784)	(12,552)
Deferred tax	(123,609)	(845,453)
	<u>213,584</u>	<u>412,695</u>

The reconciliation from income tax calculated based on the applicable tax rates and total profit/(loss) presented in the consolidated income statement to the income tax expenses is listed below:

	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Unaudited)
Total profit/(loss)	<u>96,033</u>	<u>(4,525,445)</u>
Tax at the statutory tax rate (Note 1)	24,008	(1,131,361)
Lower tax rates for specific districts or concessions	(66,794)	(85,251)
Adjustments for current income tax of prior periods	(33,784)	(12,552)
Profits and loss attributable to joint ventures and associates	(97,834)	(156,504)
Income not subject to tax	(34,098)	(25,204)
Expenses not deductible for tax	39,383	43,128
Tax incentives on eligible expenditures	(70,410)	(57,747)
Utilization of previously unrecognised tax loss and deductible temporary differences	(11,444)	-
Tax loss and deductible temporary differences for which no deferred tax assets was recognised	<u>464,557</u>	<u>1,838,186</u>
Income tax expenses	<u>213,584</u>	<u>412,695</u>

Note 1: The Group's income tax is provided based on estimated taxable income in China and the applicable tax rates. Taxes on income assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

SHANGHAI ELECTRIC GROUP COMPANY LIMITED

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL INFORMATION (CONT'D)
FOR THE SIX MONTHS ENDED 30 JUNE 2022

(All amounts in RMB'000 Yuan unless otherwise stated)

10 Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing net profit for the current period attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding. Newly issued ordinary shares are included in the weighted average number of shares from the date consideration is receivable (which is generally the date of their issue) according to specific terms of the issuance contract.

Basic earnings per share are calculated as follows:

	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Unaudited)
Consolidated net profit attributable to ordinary shareholders of the parent company	(991,340)	(4,970,832)
Weighted average number of ordinary shares outstanding (i) (Unit: 1,000 shares)	15,632,377	15,662,253
Basic earnings per share	<u>RMB(0.06) yuan</u>	<u>RMB(0.32) yuan</u>
Including:		
- Basic earnings per share from continuing operations (i):	RMB(0.06) yuan	RMB(0.32) yuan
- Basic earnings per share from discontinued operations:	<u>-</u>	<u>-</u>

- (i) The Company implemented an equity incentive plan. In the calculation of basic earnings per share, the numerator is the consolidated net profit attributable to shareholders of ordinary shares less the revocable cash dividends distributed in the current period of shares that are expected to be unlocked in the future; the denominator does not include the number of restricted shares.

Diluted earnings per share

Diluted earnings per share are calculated by dividing consolidated net profit attributable to ordinary shareholders of the parent company adjusted based on the dilutive potential ordinary shares by the adjusted weighted average number of outstanding ordinary shares of the Company. For the six-month period ended 30 June 2022, the Company has no dilutive potential ordinary shares. Therefore, diluted earnings per share equals basic earnings per share.

SHANGHAI ELECTRIC GROUP COMPANY LIMITED

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL INFORMATION (CONT'D) FOR THE SIX MONTHS ENDED 30 JUNE 2022

(All amounts in RMB'000 Yuan unless otherwise stated)

11 Segment information

The Group's businesses are organised and managed separately based on business nature and the products and services provided. Each operating segment of the Group is a business group, which, distinctive from other operating segments, has its own risks in products and services and gains its own rewards.

Information of each operating segment is summarised as follows:

(a) the energy equipment segment: coal-fired power generation and corollary equipment, gas-fired power generation equipment, wind power equipment, nuclear power equipment, energy storage equipment, high-end vessels for chemical industry as well as power grid and industrial intelligent power supply system solutions;

(b) the industrial equipment segment: elevators, large and medium-sized electric motors, intelligent manufacturing equipment, industrial basic parts and construction industrialization equipment;

(c) the integrated services segment: energy, environmental protection and automation engineering and services, covering traditional and new energy, comprehensive use of solid wastes, sewage treatment, flue gas treatment, rail transit and etc.; industrial internet services; financial services, covering financing leases and insurance brokerage; property management services mainly based on industrial real estate and etc.

Management monitors the results of the business units separately for the purpose of making decisions on resource allocation and performance assessment. Segment performance is evaluated based on reported segment profit. Segment profit is an indicator of adjusted total profit, which is consistent with the Group's total profit but excludes interest income, financial expenses, dividend income, gains from changes in fair value of financial instruments and expenses of headquarters.

Financial assets held for trading, derivatives, dividends receivable, interest receivable, long-term equity investments, debt investments, other debt investments, investment in other equity instruments, other non-current financial assets, goodwill, deferred tax assets and other undistributed assets of headquarters are not included in segment assets, which are under the unified management of the Group.

Financial liabilities held for trading, derivatives, dividends payable, interest payable, borrowings, income taxes payable, deferred tax liabilities and other undistributed liabilities of headquarters are not included in segment liabilities, which are under the unified management of the Group.

Inter-segment transfer prices are measured by reference to the prices of transactions with third parties.

SHANGHAI ELECTRIC GROUP COMPANY LIMITED

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL INFORMATION(CONT'D)
FOR THE SIX MONTHS ENDED 30 JUNE 2022

(All amounts in RMB'000 Yuan unless otherwise stated)

11 Segment information (Cont'd)

(a) Segment information as at and for the six months ended 30 June 2022 was as follows (Unaudited):

	Energy equipment	Industrial equipment	Integrated services	Others	Unallocated	Elimination	Total
Revenue							
Including: Revenue from external customers	22,989,900	16,243,738	11,051,150	8,002	-	-	50,292,790
Inter-segment revenue	1,269,625	515,732	570,106	47,776	47,916	(2,451,155)	-
	24,259,525	16,759,470	11,621,256	55,778	47,916	(2,451,155)	50,292,790
Cost of sales	20,096,730	14,039,161	10,019,181	37,181	10	(2,437,870)	41,754,393
Loss from credit impairment	414,282	82,252	774,623	(232)	85,513	(244,379)	1,112,059
Loss from asset impairment	340,330	(7,465)	13,319	-	(1,339)	(653)	344,192
Depreciation and amortisation	(679,663)	(413,832)	(295,931)	(14,967)	(117,177)	-	(1,521,570)
Financial expenses	-	-	-	-	681,803	-	681,803
Share of profit of associates and joint ventures	-	-	-	-	385,212	-	385,212
Operating profit/(loss)	316,783	562,520	493,042	(59,007)	(1,103,654)	(145,646)	64,038
Non-operating income or expenses							31,995
Total profit							96,033
Assets and liabilities							
Total assets	118,559,861	64,374,354	143,870,016	736,146	63,464,486	(94,016,179)	296,988,684
Total liabilities	78,035,768	45,348,366	100,979,381	412,139	67,029,693	(91,997,245)	199,808,102
Non-cash expenses other than depreciation and amortisation	294,956	160,578	560,801	104,920	32,276	-	1,153,531
Increase in non-current assets	771,144	301,662	396,655	12,352	31,562	-	1,513,375

SHANGHAI ELECTRIC GROUP COMPANY LIMITED

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL INFORMATION(CONT'D)
FOR THE SIX MONTHS ENDED 30 JUNE 2022

(All amounts in RMB'000 Yuan unless otherwise stated)

11 Segment information (Cont'd)

(b) Segment information as at and for the six months ended 30 June 2021 was as follows (Unaudited):

	Energy equipment	Industrial equipment	Integrated services	Others	Unallocated	Elimination	Total
Revenue							
Including: Revenue from external customers	26,388,737	18,677,377	17,401,431	11,057	49,110	-	62,527,712
Inter-segment revenue	2,353,637	1,805,526	1,277,268	57,919	-	(5,494,350)	-
	28,742,374	20,482,903	18,678,699	68,976	49,110	(5,494,350)	62,527,712
Cost of sales	23,481,101	16,925,908	16,982,894	47,044	139	(5,462,965)	51,974,121
Loss from credit impairment	471,576	5,558,443	599,529	(476)	5,887,179	(5,954,867)	6,561,384
Loss from asset impairment	488,069	1,984,233	13,317	-	20,000	10,900	2,516,519
Depreciation and amortisation	719,943	580,676	230,998	14,288	119,642	-	1,665,547
Financial expenses	-	-	-	-	552,162	-	552,162
Share of profit of associates and joint ventures	-	-	-	-	731,766	-	731,766
Operating profit/(loss)	511,039	(6,285,594)	583,147	(22,913)	(5,022,400)	5,584,453	(4,652,268)
Non-operating income or expenses							126,823
Total loss							(4,525,445)
Assets and liabilities							
Total assets	121,275,529	66,358,067	152,063,848	698,346	68,255,179	(96,841,888)	311,809,081
Total liabilities	80,352,813	45,111,879	105,935,358	309,019	63,988,489	(88,184,508)	207,513,050
Non-cash expenses other than depreciation and amortisation	702,728	22,762	68,914	-	49,993	-	844,397
Increase in non-current assets	707,595	703,432	907,993	214,874	145,377	-	2,679,271

SHANGHAI ELECTRIC GROUP COMPANY LIMITED

**NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL INFORMATION (CONT'D)
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

(All amounts in RMB'000 Yuan unless otherwise stated)

11 Segment information (Cont'd)

(c) Revenue from external customers

	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Unaudited)
Mainland China	41,785,691	50,893,198
Other countries and geographical areas	8,507,099	11,634,514
	<u>50,292,790</u>	<u>62,527,712</u>

Revenue from external customers is attributed to the region where corresponding customers from.

(d) Total non-current assets

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Mainland China	60,043,871	60,547,694
Other countries and geographical areas	8,269,234	8,955,539
	<u>68,313,105</u>	<u>69,503,233</u>

Non-current assets, excluding financial assets and deferred tax assets, are attributed to the region where the assets are located in.

No single customer generated more than 10% of the Group's operating income for the six months ended 30 June 2022 and for the year 2021.

RESULTS REVIEW AND MANAGEMENT DISCUSSION AND ANALYSIS

Since the beginning of this year, the international situation has been complicated and severe, the global economic growth has slowed down significantly, and the domestic pandemic has spread frequently and sporadically, which has caused a certain degree of impact on the stable of domestic economy. Meanwhile, the manufacturing power, real economy, dual circulation, carbon neutral and carbon peak and other strategies proposed by our country has brought us new opportunities for development. In the first half of 2022, we focused on the new situation and new requirements of the Group's transformation and development, adhering to the industrial development values of high-quality development as the top priority, main responsibilities and main businesses as the essential foundation, serving national strategies as the top mission, science and technology innovation as the primary driver and core talents as the premier resources, followed the industrial development path of intelligent manufacturing upgrading, technology empowerment, and the two-wheel-drivers strategy of "industrial intelligentization and service industrialization". Facing the severe impact from COVID-19, by staying united and exerting our utmost strength, the Group forged ahead to overcome difficulties and strived to achieve the stable promotion of various key works in orderly manner, which has made positive progress.

Results Review

From 1 January 2022 to 30 June 2022 (the "**Reporting Period**"), the Company achieved total revenue of RMB50,293 million, representing a year-on-year decrease of 19.57%; the net loss attributable to owners of the Company was RMB991 million. The main reasons are as follows: during the Reporting Period, raw material prices increased and costs such as logistics and labor costs increased on a year-on-year basis; some of the Company's production and operation subsidiaries experienced suspension of operation and production, logistics difficulties and delivery delays etc., resulting in a year-on-year decrease in revenue; the production and operation results of the Company's associates and joint ventures decreased on a year-on-year basis. The net profit attributable to owners of the Company for the corresponding period of last year was RMB4,971 million. The Company incurred significant loss in the corresponding period of last year due to the provision of relevant asset loss by Shanghai Electric Communication Technology Co., Ltd. (上海電氣通訊技術有限公司) ("**SECT**"), a controlled subsidiary of the Company. During the Reporting Period, the Company overcame difficulties despite the impact of the COVID-19 epidemic. While implementing epidemic prevention and control measures, various subsidiaries of the Company organised employees to keep to their positions in closed-loop production during the special period to ensure the delivery of major projects. Since June 2022, the Company has made all-out effort to promote production, secure orders and expand the market, and the revenue has shown an improving trend. At the same time, the revenue generated from the products of nuclear power, energy storage, blades and other businesses of the Company grew at a relatively faster pace as compared with the corresponding period of last year.

During the Reporting Period, the Company obtained new orders in the amount of RMB59.24 billion, representing a year-on-year decrease of 19.3%. Among the new orders of the Company, orders for energy equipment amounted to RMB26.11 billion (of which orders for wind power equipment, nuclear power equipment, energy storage equipment and coal-fired power equipment amounted to RMB4.37 billion, RMB2.77 billion, RMB5.89 billion and RMB4.66 billion, respectively), orders for industrial equipment amounted to RMB22.50 billion, and orders for integrated services amounted to RMB10.63 billion (of which orders for energy engineering and services amounted to RMB8.30 billion). As at the end of the Reporting Period, our orders on hand amounted to RMB265.96 billion (with orders in the aggregate amount of RMB32.23 billion not yet coming into effect), representing a decrease of 7.0% from the end of the

preceding year. Among our orders on hand by the end of the Reporting Period, orders for energy equipment amounted to RMB 144.87 billion (of which orders for wind power equipment, nuclear power equipment, energy storage equipment and coal-fired power equipment amounted to RMB33.66 billion, RMB27.62 billion, RMB8.26 billion and RMB50.07 billion, respectively), orders for industrial equipment amounted to RMB16.64 billion, and orders for integrated services amounted to RMB104.45 billion (of which orders for energy engineering and services amounted to RMB79.58 billion).

During the Reporting Period, the main operating performance of the Group is as follows:

Deepening Technology Empowerment and Facilitating the Transformation of New and Old Drivers for Development

We concentrated on the national carbon peaking and carbon neutrality strategy and insisted on science and technology innovation as the primary driver. We gathered resources to facilitate the transformation of new and old drivers for development, promote new mechanisms and launch new products through science and technology innovation, with emphasis on the fields of green low-carbon and other fields.

During the Reporting Period, we focused on the core equipment in new tracks in industries including wind power, solar power, energy storage, hydrogen power and industrial intelligentization. In the field of wind power, we continued to promote technology R&D and implementation of technology iterations, and continuously optimize development system of integration of products. We initiated the research and development of 12MW and higher class offshore multibrid products. In the field of hydrogen energy, the Company invested in the engineering verification and application demonstration platform of the hydrogen production by PEM water electrolysis, which is expected to complete the testing of large-scale electrolysis by the end of the year, with testing ability for MW-class hydrogen production systems to build an integrated smart energy demonstration project of "renewable energy generation + hydrogen production by water electrolysis + hydrogen storage + fuel cell distributed generation" with the coupling of wind, solar and storage system in the park of Shanghai Electric Group Shanghai Electric Machinery Co., Ltd. In the field of energy storage, our self-developed 1MW/2MWh (referring to the maximum power and maximum storage capacity) full container-type all-vanadium redox flow battery system won the bid of Haiyang energy power storage station project of State Power Investment Corporation Limited. The system adopted high-performance stack, and the AC-side design efficiency of the system was over 75%, which reached an industry-leading level. In the field of traditional energy equipment, the Company focused on technology of temperature and efficiency enhancement of high-temperature subcritical units in coal-fired power generation, and carried out research and development of renovation technology for 300MW- and 600MW-class coal-fired power products; the Company completed the delivery of the first 1,300MW nuclear power generator for Zhangzhou Nuclear Power Unit No. 1, whose overall performance reached the international advanced level. In the field of industrial basic parts, the designing and key manufacturing technology of autonomous rail transit axle box bearing of Shanghai United Bearing Co., Ltd., a subsidiary of the Company, have broken up the monopoly of techniques overseas, which generally reached the level of application for international products. In the field of industrial intelligentization, Shenzhen Yinghe Technology Co., Ltd. ("**Yinghe Technology**"), a subsidiary of the Company, has released new revolutionary products of four segments for the production line of new energy vehicle lithium battery, including the coating roller segment, which improved the efficiency of the dynamic line by 60%, the digital line by 100%, the three-position cutting and stacking machine with the fastest efficiency in industry, and the fully automatic soft pack assembly line with the highest efficiency and the best cost in industry.

Focusing on New Energy Industries and Accelerating the Layout of New Tracks in Industries

As a comprehensive high-end equipment manufacturing enterprise, Shanghai Electric fully exploited its technological advantages in energy equipment to accelerate the layout of new tracks in industries.

In the field of wind power, the zero-carbon equipment industry project, which we invested jointly with Shenergy (Group) Company Limited, was officially launched in Yangpu, Hainan, thus to promote low-carbon development of the local area. During the Reporting Period, the products of Zhuoke Platform of Shanghai Electric Wind Power Group Co., Ltd. was successively launched and started delivery by batches, and a new generation of onshore large-capacity platform products was launched at the same time. We have received first batch orders in Shandong and Guangdong for our two new products, which are EW8.X-230, the product of "Poseidon" Haisheng Platform, and EW11.0-208, the product of "Petrel" Haiyan Platform, respectively, providing better solutions for the Chinese offshore wind power market with larger capacity, bigger wind turbine and higher generation capacity.

In the field of solar power generation, we successfully won the complete design and supply contract for the 110MW molten salt steam generation system for the "photo thermal + photovoltaic" pilot project of Aksai Hassak Autonomous County Huidong New Energy Company Limited, using our industry-leading new generation natural cycle system. Our projects in overseas market, including the four photovoltaic projects we undertook in West Holcombe, Bishop, Osterwold and Ingham in the UK, the Yakai photovoltaic project we undertook in Japan and the Dubai Phase V Block B photovoltaic project were successfully connected to the grid and put into production.

In the field of energy storage, Shanghai Electric fully exploited its advantages in integrated energy equipment and initially formed a diversified development pattern in energy storage industry, coordinating to create system solutions to meet different storage duration and frequency regulation needs, and by relying on the existing industrial base of boilers, turbines, generators, we expanded to other related energy storage industry to achieve the integration and development of traditional manufacturing industries and emerging energy storage industries. During the Reporting Period, we successfully signed our first overseas large-scale energy storage project with Pacific Green Technologies, Inc - the U.K. REP1&2 Energy Storage Project, with a total capacity of 100MW/100MWh.

In the field of hydrogen energy, with hydrogen production by PEM water electrolysis as the breakthrough point of the industry, we endeavored to build up whole industry chain layout including hydrogen storage, hydrogenation, distributed power generation and etc. We also jointed work with new energy, carbon dioxide capture and other industries to develop capacity to provide comprehensive energy system solutions that combine hydrogen production, hydrogen storage/hydrogenation, hydrogen power generation, and energy and chemistry combination by taking advantage of resource integration.

Accelerating the Upgrades of Our Traditional Businesses with Advantages and Leading the Transformation of Industry

During the Reporting Period, we accelerated the upgrades of our advantaged traditional businesses, and we enhanced our system solution capabilities and developed service industrialization to promote the upgrading of existing industries and lead the transformation of industries.

We have accelerated the upgrades of our advantaged traditional businesses and improve the industrial development quality continuously. In the field of nuclear power equipment, we have delivered the first wet winding engine main pump in the world of the "Guohe One". With the first successful grid connection of the Unit No. 3 of Karachi Nuclear Power Plant in Pakistan, an overseas demonstration project of "Hualong One", in which Shanghai Electric provided the main equipment of nuclear and conventional islands, and the completion of 168 hours of trial operation from the Unit No. 6 of Fuqing Nuclear Power Plant, a demonstration project of "Hualong One", in which Shanghai Electric provided the reactor vessel internals, the China's third-generation nuclear power "Hualong One" demonstration projects at home and abroad have fully completed and put into production, which has strongly underpinned China's leapfrogging from a nuclear power big country to a nuclear power strong country. In the field of thermal power equipment, we are widely recognized by our customers for our secondary reheat technology with high technology level and excellent quality service. During the Reporting Period, we have won the bids for the complete set of main power generation equipment for the 1×600MW ultra-supercritical secondary reheat project of Xiamen Huaxia Power International Development Co., Ltd. (廈門華夏國際電力有限公司), the boiler equipment of 2×660MW power generation project of China Coal Xinji Lixin Power Generation Co., Ltd. (中煤新集利辛發電有限公司), the turbine generator equipment of 2×1000MW power generation project of CEEC Zhejiang Power Designing Institute (中國能源建設集團浙江省電力設計院有限公司), the boiler equipment of 2×660MW power generation project of Guoneng Zhejiang Zhoushan Power Generation Co., Ltd. (國能浙江舟山發電有限責任公司), the turbine generator equipment of 2×1000MW power generation project of Chang'an Yiyang Power Generation Co., Ltd. (長安益陽發電有限公司), which have helped our customers achieve high capacity, high parameters, high energy efficiency, clean and environmental-friendly power production, while significantly reduced coal consumption for electricity supply. In the field of gas turbine equipment, we won bids for a number of F-class gas turbine projects, such as Wenery Peaking Power Plant, Huaihe Energy project, Jiangyin Thermal Power, Wuxi West Area Phase II, and Zheneng Zhenhai. In the field of industrial equipment, Shanghai Mitsubishi Elevator Co., Ltd. ("SMEC") successively won bids for Line 7, Line 8 and second dispatch center project of the Zhengzhou Rail Transit, as well as the orders of the renovation and expansion projects of Urumqi Airport and Zhuhai Airport.

We are committed to becoming a provider of industry-class green intelligent system solutions by leveraging our strengths in equipment manufacturing and industry synergy. During the Reporting Period, Shanghai Electric Power Transmission and Distribution Engineering (Malaysia) Co., Ltd. (上海電氣輸配電工程成套(馬來西亞)有限公司) successfully won the bid for the design, supply and installation of a 132kV substation at KULIM plant in Malaysia. Yinghe Technology won the order for the first lithium power production line in Europe of Germany Volkswagen and will provide core production equipment and solutions for the production of lithium batteries for the 20GWh super plant of Germany Volkswagen. During the Reporting Period, Shanghai Electric Automation D&R Institute Co., Ltd. (上海電氣自動化設計研究所有限公司) won bids for the integration and installation project of monitoring and control (including communication) system for the Line 10 Phase 3 and Line 13 Phase 1 of the Chengdu Metro Rail Transit.

We embraced the concept of two-wheel drives featuring products and services, and accelerated the construction of service industrialization capabilities. "SEunicloud" industrial internet platform of Shanghai Electric continued to innovate the models of "manufacturing + service" coupled with the "product + service". During the Reporting Period, "SEunicloud" industrial internet platform became the third batch of service-oriented manufacturing demonstration platforms in Shanghai by virtue of its advantages in

customized services, supply chain management and energy-saving and environmental protection services. SMEC was committed to providing standardized and professional elevator maintenance service, and continued to promote the application of the Internet of Things in the field of elevators to build the core competitiveness of maintenance. We continued to build financial services platform, by performing functions of intelligent treasury, value-added financial services and risk management to integrate various financial services resources to provide one-stop financial services for the Group's enterprises, thus to further enhance the ability and level of financial empowerment of industrial development.

Guarding Shanghai Together and Contributing to the "COVID-19 Battle in Shanghai"

Since 2022, new outbreak of COVID-19 has sporadically repeated in many places in China, including Shanghai, and we have experienced an extraordinary first half of the year. During the outbreak of pandemic in Shanghai, we have actively responded to difficulties, coordinated the production and operation and pandemic prevention and control, and fulfilled our mission and responsibility as a state-owned enterprise with practical actions.

We actively organised efforts to support city operations and fully safeguarded the city's fight against the pandemic. SMEC participated in the construction of shelter hospital to ensure the normal operation of elevator equipment, and launched the maintenance and emergency linkage mechanism to ensure the timely maintenance and emergency rescue of elevator equipment in all service areas across the country. The Shanghai subway maintenance team of Shanghai Electric Thales Transport Automation Control System Co., Ltd. commenced "7×24 barrack-style" management to ensure the orderly operation of Shanghai rail transportation. Renmin Electrical Apparatus Works of Shanghai Electric Group Co., Ltd., Shanghai Electric Chengguang Electric Power Engineering Co., Ltd. and Shanghai Electric Digital Intelligence Ecological Technology Co., Ltd., all being subsidiaries of the Company, responded quickly and completed the tasks of the switch components, lighting facilities, power distribution appliances, power and communication cables and information technology support of command centre of multiple shelter hospitals.

We united and held hands to overcome difficulties and steadily promoted our production and operation tasks. Shanghai Electric Nuclear Power Equipment Co. Ltd., Shanghai First Machine Tool Works Co., Ltd, SEC-KSB Nuclear Pumps & Valves Co., Ltd., Shanghai Boiler Works Ltd., the Turbine Factory of Shanghai Electric Power Generation Equipment Co., Ltd., and other subsidiaries of the Company organised employees to keep to their positions in closed-loop production, ensured the progress of major projects and focused on key orders. During the pandemic, "SEunicloud" industrial internet platform of Shanghai Electric took full advantages of integration of digitalization and manufacturing, empowered enterprises to resume work and production continuously, and played a key role in remote operation and maintenance of equipment, monitoring and early warning and other aspects through cloud applications such as equipment housekeepers and production management, as well as services such as online trial, subscription and consulting.

SIGNIFICANT EVENTS

Disposal of 15.24% Shares in Suzhou Thvow Technology Co., Ltd.

In the past two years, due to the impact of the COVID-19 pandemic, rising procurement and construction costs and other factors, Suzhou Thvow Technology Co., Ltd. (蘇州天沃科技股份有限公司) ("**Thvow Technology**"), a controlled subsidiary of the Company, was facing difficulties in operation. In order to improve the sustainable operation capability and profitability of Thvow Technology, the Company originally intended to improve the asset quality of Thvow Technology by injecting 100% equity interest in Shanghai Boiler Works Co. Ltd. (上海鍋爐廠有限公司) into Thvow Technology. On 10 February 2022, the Board considered and approved the relevant resolution, pursuant to which Thvow Technology intended to issue shares to the Company to purchase 100% equity of Shanghai Boiler Works Co. Ltd. (上海鍋爐廠有限公司) held by the Company, and to raise supporting funds through the non-public issuance of shares to Shanghai Lixin Industrial Co., Ltd. (上海立昕實業有限公司), a consolidated 100% owned subsidiary of Shanghai Electric Holding Group Co., Ltd. (上海電氣控股集團有限公司) ("**SEGC**", formerly known as "Shanghai Electric (Group) Corporation (上海電氣(集團)總公司)", the controlling shareholder of the Company). However, due to the recent changes in the external market environment, it was highly uncertain to continue to promote the above transaction. After prudent research and analysis and negotiation between the parties to the Transaction, the Company proposed to terminate the asset reorganisation. As the indirect controlling shareholder of Thvow Technology, and to further support the development of Thvow Technology by relying on the resources of SEGC, SEGC planned to acquire the Company's shares in Thvow Technology after due negotiation between the parties.

On 20 June 2022, the Board agreed to terminate the issuance of shares by Thvow Technology to purchase 100% equity of Shanghai Boiler Works Co. Ltd. (上海鍋爐廠有限公司) and to raise supporting funds, and approved the Company to transfer 132,458,814 shares it held in Thvow Technology to SEGC by way of non-public agreement transfer, at a consideration of RMB4.26 per share, totalling RMB564,274,547.64 (the "**Transaction**"). On 20 June 2022, the Company and SEGC entered into the Share Transfer Agreement with conditions precedent regarding the Transaction. The Transaction was approved at the EGM of the Company held on 22 July 2022. As of the date of this announcement, the Transaction is still in progress.

MATERIAL EVENTS AFTER THE REPORTING PERIOD

Litigations in Relation to SECT

SECT, a controlled subsidiary of the Company has filed petitions to the court in 2021, to request Beijing Capital Group Co., Ltd (北京首都創業集團有限公司) ("**Capital Company**") and Beijing Capital Group Company Limited Trading Branch (北京首都創業集團有限公司貿易分公司) ("**Capital Trading**") to settle the payment for goods in a total amount of approximately RMB1,193 million and the damages for breach of contract. In July 2022, SECT received the civil ruling issued by Shanghai No. 2 Intermediate People's Court (上海市第二中級人民法院) on the cases of SECT suing Capital Company and Capital Trading. The court held that after review, the facts involved in these cases were related to the contract fraud cases of Capital Company, which were filed and investigated by the Beijing Municipal Public Security Bureau. The court also held that the trial results of these cases must be based on the trial results of the contract fraud cases, and ruled that the cases be stayed.

SECT has filed petitions to the court in 2021, to request Harbin Industrial Investment Group Co., Ltd. (哈爾濱工業投資集團有限公司) ("**Harbin Industrial Investment**") to settle the payment for goods in a total amount of approximately RMB392,973.5 thousand and the damages for breach of contract. In

December 2021, SECT received the first - instance judgment regarding the cases of SECT suing Harbin Industrial Investment. In July 2022, SECT received the notice of response and the civil ruling issued by Shanghai Higher People's Court (上海市高級人民法院). The court held that after review, the cases should be based on the outcomes of other civil and commercial cases involving Sui Tianli and others and thus the appeal cases of Harbin Industrial Investment were ruled to be stayed by the court.

SECT has filed petitions to the court in 2021, to request Fortune Industrial Corp. (富申實業公司) (“**Fortune Industrial**”) to settle the payment for goods in a total amount of approximately RMB787,956.2 thousand and the damages for breach of contract. In November 2021, Fortune Industrial sued SECT for the return of the advance and payments for goods in a total amount of approximately RMB97,741.8 thousand. From May to June 2022, due to the impact of the epidemic, the relevant litigation activities cannot be carried out normally, Shanghai Yangpu District People's Court (上海市楊浦區人民法院) ruled that the cases regarding SECT suing Fortune Industrial were stayed. In July 2022, SECT received the civil ruling issued by Shanghai Yangpu District People's Court (上海市楊浦區人民法院) on the cases of Fortune Industrial suing SECT. The court held that after review, the cases should be based on the outcomes of other cases, which have not been concluded yet, and ruled that the cases are stayed.

SECT has filed petitions to the court in 2021, to request Nanjing Changjiang Electronics Group Co., Ltd. (南京長江電子信息產業集團有限公司) (“**Nanjing Changjiang**”) to settle the payment for goods in a total amount of approximately RMB2,089,000.8 thousand and the damages for breach of contract. From May to June 2022, due to the impact of the epidemic, the relevant litigation activities cannot be carried out normally, Shanghai Yangpu District People's Court (上海市楊浦區人民法院) ruled that the cases regarding SECT suing Nanjing Changjiang were stayed.

Jiangsu Zhongli Group Co., Ltd. (江蘇中利集團股份有限公司) (“**Jiangsu Zhongli**”) brought a claim against SECT to request payment for goods, the corresponding interest and attorney's fee for litigation in a total amount of approximately RMB 545,075.7 thousand in 2021. In July 2022, SECT received notice of response, civil complaint and civil ruling and other materials from Shanghai Yangpu District People's Court (上海市楊浦區人民法院). Jiangsu Zhongli applied for withdrawal of the lawsuits and re-litigated against SECT for payment for goods, the corresponding interest and attorney's fee for litigation in a total amount of approximately RMB544,348 thousand. Shanghai Yangpu District People's Court (上海市楊浦區人民法院), after consideration and review, held that as the cases had to be based on the outcomes of other case, and as the other case have not yet been concluded, the cases met the circumstances for statutory stay of litigation and ruled that the cases were stayed.

Material Litigations and Arbitrations in Relation to the Sasan Project in India

In June 2008, the Company and Reliance Infra Projects (UK) Limited (the “**Reliance UK**”), entered into the Equipment Supply and Service Contract (the “**Contract**”) for the project of Sasan 6*600MW Ultra Large Supercritical Coal-fired Power Station in India (the “**Project**”), with a contracted amount of USD1,311,000,000, pursuant to which, the Company (as the supplier) shall provide major equipment and relevant services for the Project, Reliance Infrastructure Limited (the “**Reliance**”) issued the letter of guarantee for the payment obligations of Reliance UK under the Contract, and Sasan Power Limited (the “**Sasan Power**”) owned and operated the power station. Since Reliance UK still failed to pay for the equipment purchased and other relevant payables to the Company after the Project commenced commercial operation for several years, the Company filed to the Singapore International Arbitration Centre for

arbitration in December 2019, requiring Reliance to pay for equipment purchased and other relevant payables in the amount of at least USD135,320,728.42 to the Company as agreed in the letter of guarantee issued by Reliance for Reliance UK.

In August 2021, the Company received a complaint filed and sent by Sasan Power in the Bombay High Court of India. According to the complaint, Sasan Power sued Reliance, Reliance UK and the Company, requesting that the three respondents bear joint liability and compensate it for losses of 24,511,908,372 rupees (approximately RMB2.133 billion) (the “**Litigation**”). In December 2021, the Company received a notice of acceptance for an arbitration brought by Reliance UK against the Company issued by the Singapore International Arbitration Center, pursuant to which Reliance UK request the Company to compensate for its losses of approximately USD388.75 million related to the contract. Reliance UK also believed that the letter of performance guarantee was unreasonably released and request the Company to issue a letter of performance guarantee in the amount of approximately USD120.175 million to guarantee its claims.

In July 2022, the Company's attorneys were informed through public information that the Litigation has been disposed by the Bombay High Court of India on the grounds that the plaintiff did not meet the requirements for filing a complaint and failed to amend the complaint within the prescribed time.

Gratuitous Transfer of Part of the Company’s Shares by Controlling Shareholder

On 15 November 2021, SEGC entered into the Agreement on the Gratuitous Transfer of 5% shares of Shanghai Electric Group Company Limited from SEGC to Shanghai State-owned Capital Investment Co., Ltd. with Shanghai State-owned Capital Investment Co., Ltd., a wholly-owned subsidiary of Shanghai State-owned Assets Supervision and Administration Commission, to gratuitously transfer 785,298,555 A shares (representing 5.04% of the Company's total capital of 15,579,809,092 shares as at the end of the Reporting Period) to Shanghai State-owned Capital Investment Co., Ltd. The share transfer registration of the Gratuitous Transfer of the Shares was completed on 11 July 2022.

OUTLOOK

Looking forward to the second half of 2022, we will continue to firmly adhere to the development concept of "pursuing progress while ensuring stability, adhering to integrity and innovation and unswervingly following the path of high quality development". We will seize the national strategic opportunities and promote and implement the development strategy of the Company. We will promote the transformation of new and old drivers for development, increase the layout and investment in the new paths, accelerate the transformation and upgrade of our advantageous industries to high-end, green, digital, service-oriented and internationalized directions. We will actively promote the planning and layout of the industry chain in the fields of new energy and intelligent manufacturing, organize the technology, products, engineering and services in the fields of new energy such as wind power, solar power, energy storage, hydrogen power, and enhance the overall solution capability in the field of intelligent manufacturing. We will also increase investment in science and technology, explore the incentive mechanism for science and technology, insist on openness and cooperation, improve its independent innovation capability continuously, and build our core competitiveness in science and technology. We will continue to focus on the main responsibility and main business, concentrate on our advantages, and strive to achieve healthy and sustainable development of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code provisions regarding the purchase and sale of the Company's shares by the Directors of the Company as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 of the Hong Kong Listing Rules. All Directors and Supervisors of the Company confirmed that they had complied with the requirements contained in the Model Code during the period from 1 January 2022 to 30 June 2022. The Company was not aware of any non-compliance with the Model Code by any of its employees.

CORPORATE GOVERNANCE

During the Reporting Period, the Board of the Company performed the following functions: to formulate and review the Company's policies and practices on corporate governance and make recommendations; to review and monitor the training and continuous professional development of Directors and senior management; to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; to develop, review and monitor the code of conduct and compliance manual of employees and Directors; and to review the Company's compliance with the code provisions and disclosure in the "Corporate Governance Report".

During the Reporting Period, the Board is of the view that the Company had complied with the requirements of the code provisions set out in Appendix 14 of the Hong Kong Listing Rules (the "Code"), except for the deviation from requirement of C.2.1 of the Code concerning the separation of the roles of the chairman and chief executive officer. Pursuant to code provision C.2.1, roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. During the Reporting Period, Ms. Leng Weiqing, the Chairlady of the Board and the Chief Executive Officer of the Company was mainly responsible for the strategic decisions of the Company. Mr. Liu Ping, an Executive Director and the President of the Company, was fully responsible for the daily operations and execution of the Company. The Company is of the view that segregation of duties and responsibilities between the Board and the management has been well maintained and there is no over-centralization of management power under such mechanism.

AUDIT COMMITTEE

During the Reporting Period, the Audit Committee has reviewed the accounting policies adopted by the Company with the management and the Company's external auditors, and conducted a review of matters including the connected transactions of the Company. They also discussed risk management, internal controls, financial reports and the appointment of and remuneration for auditors. The Audit Committee has reviewed and agreed to the unaudited interim consolidated financial information for the period under review.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

During the Reporting Period, no purchase, sale or repurchase of the Company's listed securities has been made by the Company or any of its subsidiaries.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend in respect of the Reporting Period.

BOARD OF DIRECTORS AND SUPERVISORS

As at the date of this announcement, the executive directors of the Company are Ms. Leng Weiqing, Mr. Liu Ping and Mr. Zhu Zhaokai; the non-executive directors of the Company are Mr. Gan Pin, Ms. Yao Minfang and Ms. Li An; and the independent non-executive directors of the Company are Dr. Xi Juntong, Dr. Xu Jianxin and Dr. Liu Yunhong.

As at the date of this announcement, the Supervisors of the Company are Mr. Cai Xiaoqing, Mr. Han Quanzhi and Mr. Yuan Shengzhou.

DISCLOSURE OF INFORMATION ON STOCK EXCHANGE'S WEBSITE

This results announcement will be published on the Company's website (<http://www.shanghai-electric.com>) and the Hong Kong Stock Exchange's website (<http://www.hkexnews.hk>). The 2022 Interim Report will be despatched to the shareholders of the Company and will be made available on the websites of the Company and of the Hong Kong Stock Exchange in due course.

By order of the Board
Shanghai Electric Group Company Limited
LENG Weiqing
Chairlady of the Board

Shanghai, the PRC, 29 August 2022

As at the date of this announcement, the executive directors of the Company are Ms. LENG Weiqing, Mr. LIU Ping and Mr. ZHU Zhaokai; the non-executive directors of the Company are Mr. GAN Pin, Ms. YAO Minfang and Ms. LI An; and the independent non-executive directors of the Company are Dr. XI Juntong, Dr. XU Jianxin and Dr. LIU Yunhong.

** For identification purpose only*