

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)

2023 INTERIM RESULTS

PERFORMANCE HIGHLIGHTS

- ▶ **Total revenue of the Company for first half of 2023 was RMB53,078 million, an increase of 5.5% as compared with the corresponding period of last year**
- ▶ **Profit attributable to owners of the Company for first half of 2023 was RMB590 million, loss attributable to owners of the Company for the corresponding period of last year was RMB991 million**
- ▶ **Basic earnings per share of the Company for first half of 2023 was RMB0.04 yuan, basic loss per share of the Company for the corresponding period of last year was RMB0.06 yuan**
- ▶ **New orders for first half of 2023 amounted to RMB82.01 billion, an increase of 38.4% 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 2023 (the "**Reporting Period**"). The results have not been audited but have been reviewed by audit committee of the Company (the "**Audit Committee**"). The interim results of the Company for the six months ended 30 June 2023 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 2023

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

	Notes	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
Current assets			
Cash at bank and on hand		29,035,347	26,344,500
Clearing settlement funds		21,274	24,317
Placements with banks and other financial institutions		14,854,103	24,613,553
Held-for-trading financial assets		7,669,237	7,657,438
Derivative financial assets		34,203	55,890
Notes receivable		4,948,629	6,257,285
Accounts receivable	3	41,235,117	38,279,969
Receivables financing		1,339,233	2,105,589
Prepayments		10,533,996	10,276,967
Other receivables		5,935,941	6,156,517
Financial assets purchased under resale agreements		2,578,058	1,131,206
Inventories		34,023,456	30,871,914
Contract assets		21,873,768	21,801,813
Non-current assets due within one year		1,929,296	2,857,670
Other current assets		23,089,514	22,719,005
Total current assets		199,101,172	201,153,633
Non-current assets			
Loans and advances		2,975,155	1,590,952
Debt investments		152,674	152,863
Long-term receivables		3,059,512	3,328,725
Long-term equity investments		11,277,477	11,183,753
Other non-current financial assets		7,962,319	7,268,463
Investment properties		625,928	660,172
Fixed assets		20,036,317	20,282,308
Constructions in progress		4,260,792	3,427,951
Right-of-use assets		1,477,581	1,402,169
Intangible assets		12,431,347	12,582,986
Research and development expenditures		43,914	35,818
Goodwill		3,347,622	3,288,723
Long-term deferred expenses		539,020	555,484
Deferred tax assets		8,317,531	7,733,152
Other non-current assets		13,941,838	13,373,700
Total non-current assets		90,449,027	86,867,219
TOTAL ASSETS		289,550,199	288,020,852

SHANGHAI ELECTRIC GROUP COMPANY LIMITED

CONSOLIDATED BALANCE SHEET (UNAUDITED) (CONT'D)

AS AT 30 JUNE 2023

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

	Notes	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
Current liabilities			
Short-term borrowings		9,672,157	8,660,895
Held-for-trading financial liabilities		14,774	32,017
Derivative financial liabilities		19,900	10,450
Notes payable		16,120,350	16,069,558
Accounts payable	4	59,471,514	57,396,886
Advances from customers		754,204	786,313
Contract liabilities		42,110,255	38,742,797
Deposits from customers, banks and other financial institutions		3,967,600	6,076,565
Employee benefits payable		4,162,174	4,958,030
Taxes payable		1,962,833	2,030,487
Other payables		8,065,521	7,859,473
Non-current liabilities maturing within one year		11,707,989	9,120,361
Other current liabilities		11,505,326	11,781,611
Total current liabilities		169,534,597	163,525,443
Non-current liabilities			
Long-term borrowings		26,633,072	21,647,690
Bonds payable	5	748,993	748,697
Lease liabilities		1,042,534	1,077,425
Long-term payables		454,696	562,855
Deferred income		1,424,471	1,491,212
Long-term employee benefits payable		175,023	175,854
Provisions		3,640,204	3,592,976
Deferred tax liabilities		813,348	836,321
Other non-current liabilities		126,183	168,212
Total non-current liabilities		35,058,524	30,301,242
Total liabilities		204,593,121	193,826,685
Owners' equity			
Share capital		15,579,809	15,579,809
Capital surplus		19,319,532	21,837,822
Other comprehensive income		117,094	(24,891)
Special reserve		145,253	143,786
Surplus reserve		5,906,524	5,906,524
Retained earnings	6	12,009,508	11,419,263
Total equity attributable to equity owners of the Company		53,077,720	54,862,313
Minority interests		31,879,358	39,331,854
Total owners' equity		84,957,078	94,194,167
Total liabilities and owners' equity		289,550,199	288,020,852

SHANGHAI ELECTRIC GROUP COMPANY LIMITED

CONSOLIDATED INCOME STATEMENT (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2023

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

	Notes	Unaudited	
		For the six months ended 30 June	
		2023	2022
		RMB'000	RMB'000
Total revenue		53,077,946	50,292,790
Including: Operating revenue	7	52,859,907	50,010,830
Interest income	7	216,299	281,883
Income from handling charges and commissions	7	1,740	77
Total cost of sales		(51,631,988)	(49,602,344)
Including: Operating cost	7	(43,570,175)	(41,723,987)
Interest expenses	7	(1,210)	(29,963)
Handling charges and commissions expenses	7	(404)	(443)
Taxes and surcharges	8	(317,148)	(238,786)
Selling and distribution expenses		(1,744,978)	(1,574,347)
General and administrative expenses		(3,380,478)	(3,447,486)
Research and development expenditures		(2,327,078)	(1,905,529)
Financial expenses - net		(290,517)	(681,803)
Including: Interest expenses		(750,217)	(853,592)
Interest income		334,891	239,461
Add: Other income		441,291	470,011
Investment income		1,159,942	435,495
Including: Share of profit of associates and joint ventures		503,197	391,337
Loss on derecognition of financial assets measured at amortized cost		(697)	(446)
Exchange gain		10,223	9,829
Gain / (Loss) on changes in fair value		355,644	(160,396)
Loss from credit impairment		(948,647)	(1,112,059)
Loss from asset impairment		(629,260)	(344,192)
Gains on disposals of assets		22,401	74,904
Operating profit		1,857,552	64,038
Add: Non-operating income		53,969	55,153
Less: Non-operating expenses		(89,248)	(23,158)
Total profit		1,822,273	96,033
Less: Income tax expenses	9	(335,934)	(213,584)
Net profit/(loss)		1,486,339	(117,551)
Attributable to equity owners of the Company		590,363	(991,340)
Minority interests		895,976	873,789

SHANGHAI ELECTRIC GROUP COMPANY LIMITED

CONSOLIDATED INCOME STATEMENT (UNAUDITED) (CONT'D)
FOR THE SIX MONTHS ENDED 30 JUNE 2023

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

	Notes	Unaudited	
		For the six months ended 30 June	
		2023	2022
		RMB'000	RMB'000
Other comprehensive income, net of tax		159,010	117,389
Attributable to equity owners of the Company		141,985	116,750
Other comprehensive income that will be subsequently reclassified to profit or loss		141,985	116,750
Changes in fair value of other debt investments		100,213	29,729
Provision for credit impairment of receivables financing and other debt investments		(11,029)	(621)
Cash flow hedges, net of tax		(1,741)	-
Exchange differences on translation of foreign operations		54,542	87,642
Attributable to minority interests		17,025	639
Total comprehensive income		1,645,349	(162)
Attributable to equity owners of the Company		732,348	(874,590)
Attributable to minority interests		913,001	874,428
Earnings per share			
Basic earnings per share (RMB yuan/ share)	10	0.04	(0.06)
Diluted earnings per share (RMB yuan/ share)	10	0.04	(0.06)

SHANGHAI ELECTRIC GROUP COMPANY LIMITED

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2023

(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 sales of nuclear power equipment, energy storage equipment, coal-fired power generation and corollary equipment, gas-fired power generation equipment, wind power equipment, hydrogen energy equipment, photovoltaic equipment, high-end vessels for chemical industry as well as providing power grid and industrial intelligent power supply system solutions;

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

(c) The integration services segment: providing 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.; providing industrial internet services; providing financial services, covering financing leases, factoring, asset management, insurance brokerage and etc.; providing park and property management services mainly based on industrial real estate, etc.

In the opinion of the Board 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 2023

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

3 Accounts receivable

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Accounts receivable	59,162,705	55,475,944
Less: Provision for bad debts	<u>(17,927,588)</u>	<u>(17,195,975)</u>
	<u>41,235,117</u>	<u>38,279,969</u>

The aging of accounts receivables was analysed as follows:

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

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Not overdue	20,658,276	21,607,854
Overdue within 1 year	13,113,433	9,289,613
Overdue 1 to 2 years	7,185,780	9,966,854
Overdue 2 to 3 years	7,002,875	5,893,128
Overdue 3 to 4 years	5,684,841	4,856,653
Overdue 4 to 5 years	2,221,815	631,620
Overdue over 5 years	<u>3,295,685</u>	<u>3,230,222</u>
	<u>59,162,705</u>	<u>55,475,944</u>

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

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Within 1 year	27,975,610	25,630,900
1 to 2 years	8,856,715	12,523,380
2 to 3 years	8,911,817	7,434,301
3 to 4 years	6,330,886	5,382,166
4 to 5 years	3,330,479	981,285
Over 5 years	<u>3,757,198</u>	<u>3,523,912</u>
	<u>59,162,705</u>	<u>55,475,944</u>

SHANGHAI ELECTRIC GROUP COMPANY LIMITED**NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL INFORMATION (CONT'D)
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

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

4 Accounts payable

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Accounts payable	<u>59,471,514</u>	<u>57,396,886</u>

The aging of accounts payable was analysed as follows:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Within 3 months	35,593,822	36,583,071
3 to 6 months	5,340,602	3,633,310
6 months to 1 year	9,384,090	7,085,401
1 to 2 years	3,905,087	4,348,380
2 to 3 years	2,198,390	1,804,195
Over 3 years	<u>3,049,523</u>	<u>3,942,529</u>
	<u>59,471,514</u>	<u>57,396,886</u>

As at 30 June 2023, accounts payable with aging over one year amounted to RMB9,153,000 thousand (31 December 2022: RMB10,095,104 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 2023**

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

5 Bonds payable

	31 December 2022 (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	30 June 2023 (Unaudited)
Medium-term notes (Phase I) (a)	2,500,534	-	-	51,449	2,839	-	-	2,554,822
2022 green medium-term notes (Phase I) (b)	764,771	-	-	11,827	296	(23,850)	-	753,044
	3,265,305							3,307,866
Less: Bonds payable due within one year	(2,516,608)							(2,558,873)
	748,697							748,993

- (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 maturity 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 value.
- (b) Shanghai Electric Wind Power Group Co., Ltd., a subsidiary of the Group, issued its 2022 green medium-term notes (Phase I) on 29 April 2022 with a term of 3 years. The interest commencement date and the maturity date of such notes are 29 April 2022 and 29 April 2025 respectively. The planned total issuance amount was RMB750 million, equivalent to the actual total issuance amount. The notes were issued at par 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 2023**

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

6 Dividends

For the six months ended 30 June 2023, 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 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
Revenue from main operations	50,414,230	48,729,792
Revenue from other operations	2,445,677	1,281,038
Interest income	216,299	281,883
Income from handling charges and commissions	1,740	77
	<u>53,077,946</u>	<u>50,292,790</u>
	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
Cost of sales from main operations	42,358,202	41,071,867
Cost of sales from other operations	1,211,973	652,120
Interest expenses	1,210	29,963
Handling charges and commissions expenses	404	443
	<u>43,571,789</u>	<u>41,754,393</u>

SHANGHAI ELECTRIC GROUP COMPANY LIMITED**NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL INFORMATION (CONT'D)
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

(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 integration 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 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
Sale of goods	38,980,719	36,416,213
Engineering construction	5,249,029	7,888,041
Rendering of services	6,184,482	4,425,538
	<u>50,414,230</u>	<u>48,729,792</u>

Details of revenue from other operations are as follows:

	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
Sales of raw materials and goods	1,838,463	656,352
Leasing income	278,781	257,233
Finance lease income	36,860	89,815
Rendering of non-industrial services	15,817	18,183
Sales of energy	13,707	11,151
Others	262,049	248,304
	<u>2,445,677</u>	<u>1,281,038</u>

SHANGHAI ELECTRIC GROUP COMPANY LIMITED

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL INFORMATION (CONT'D)
FOR THE SIX MONTHS ENDED 30 JUNE 2023

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

7 Operating revenue and operating cost (Cont'd)

	For the six months ended 30 June 2023(Unaudited)								
	Sales of Goods			Engineering construction			Rendering of services	Others	Total
	China	Other Asian countries/ geographical areas	Other regions	China	Other Asian countries/ geographical areas	Other regions			
Revenue from main operations	35,459,732	731,084	2,789,903	2,346,339	2,229,637	673,053	6,184,482	-	50,414,230
Including: Recognised at a point in time	35,459,732	731,084	2,789,903	-	-	-	54,486	-	39,035,205
Recognised over time	-	-	-	2,346,339	2,229,637	673,053	6,129,996	-	11,379,025
Revenue from other operations	379,773	3,310	1,455,380	-	-	-	15,817	591,397	2,445,677
	<u>35,839,505</u>	<u>734,394</u>	<u>4,245,283</u>	<u>2,346,339</u>	<u>2,229,637</u>	<u>673,053</u>	<u>6,200,299</u>	<u>591,397</u>	<u>52,859,907</u>

	For the six months ended 30 June 2022(Unaudited)								
	Sales of Goods			Engineering construction			Rendering of services	Others	Total
	China	Other Asian countries/ geographical areas	Other regions	China	Other Asian countries/ geographical areas	Other regions			
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	147,821	-	-	-	18,183	606,503	1,281,038
	<u>32,941,508</u>	<u>467,690</u>	<u>3,663,367</u>	<u>3,385,601</u>	<u>4,325,061</u>	<u>177,379</u>	<u>4,443,721</u>	<u>606,503</u>	<u>50,010,830</u>

- (i) For the six-month period ended 30 June 2023, 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 2023

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

8 Taxes and surcharges

	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
City maintenance and construction tax	82,778	59,101
Real estate tax	69,905	50,991
Educational surcharge	59,936	34,485
Stamp duty	46,607	66,488
Land use tax	19,318	15,474
Others	38,604	12,247
	<u>317,148</u>	<u>238,786</u>

SHANGHAI ELECTRIC GROUP COMPANY LIMITED

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL INFORMATION (CONT'D)
FOR THE SIX MONTHS ENDED 30 JUNE 2023

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

9 Income tax expenses

	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
Current tax charge for the period	449,696	370,977
Annual filing differences for the current period	(30,324)	(33,784)
Deferred tax	(83,438)	(123,609)
	<u>335,934</u>	<u>213,584</u>

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

	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
Total profit	<u>1,822,273</u>	<u>96,033</u>
Tax at the statutory tax rate (Note 1)	455,568	24,008
Lower tax rates for specific districts or concessions	(102,002)	(66,794)
Adjustments for current income tax of prior periods	(30,324)	(33,784)
Profits and loss attributable to joint ventures and associates	(120,224)	(97,834)
Income not subject to tax	(42,523)	(34,098)
Expenses not deductible for tax	46,609	39,383
Tax incentives on eligible expenditures	(215,209)	(70,410)
Utilization of previously unrecognised tax loss and deductible temporary differences	(37,741)	(11,444)
Tax loss and deductible temporary differences for which no deferred tax assets was recognised	381,780	464,557
Income tax expenses	<u>335,934</u>	<u>213,584</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 2023

(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 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
Consolidated net profit/(loss) attributable to ordinary shareholders of the parent company	590,363	(991,340)
Weighted average number of ordinary shares outstanding (Unit: 1,000 shares)	<u>15,579,809</u>	<u>15,632,377</u>
Basic earnings per share	<u>RMB0.04 yuan</u>	<u>RMB(0.06) yuan</u>
Including:		
- Basic earnings per share from continuing operations:	RMB0.04 yuan	RMB(0.06) yuan
- Basic earnings per share from discontinued operations:	<u>-</u>	<u>-</u>

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 2023, 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 2023

(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: design, manufacture and sales of nuclear power equipment, energy storage equipment, coal-fired power generation and corollary equipment, gas-fired power generation equipment, wind power equipment, hydrogen energy equipment, photovoltaic equipment, high-end vessels for chemical industry as well as providing power grid and industrial intelligent power supply system solutions;

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

(c) The integration services segment: providing 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.; providing industrial internet services; providing financial services, covering financing leases, factoring, asset management, insurance brokerage and etc.; providing park and property management services mainly based on industrial real estate, 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 2023**

(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 2023 was as follows (Unaudited):

	Energy equipment	Industrial equipment	Integration services	Others	Unallocated	Elimination	Total
Revenue							
Including: Revenue from external customers	24,282,990	19,236,968	9,512,014	43,785	2,189	-	53,077,946
Inter-segment revenue	1,393,716	371,944	752,563	105	10,859	(2,529,187)	-
	<u>25,676,706</u>	<u>19,608,912</u>	<u>10,264,577</u>	<u>43,890</u>	<u>13,048</u>	<u>(2,529,187)</u>	<u>53,077,946</u>
Cost of sales	20,705,286	16,310,989	8,969,150	26,817	178	(2,440,631)	43,571,789
Loss from credit impairment	398,120	155,646	175,093	968	170,288	48,532	948,647
Loss from asset impairment	528,914	40,703	6,505	-	89,000	(35,862)	629,260
Depreciation and amortisation	639,127	401,825	384,960	10,716	154,275	3	1,590,906
Financial expenses	-	-	-	-	280,294	-	280,294
Share of profit of associates and joint ventures	-	-	-	-	503,197	-	503,197
Operating profit/(loss)	<u>518,323</u>	<u>779,320</u>	<u>581,018</u>	<u>(72,947)</u>	<u>298,935</u>	<u>(247,097)</u>	<u>1,857,552</u>
Non-operating income or expenses							(35,279)
Total profit							<u>1,822,273</u>
Assets and liabilities							
Total assets	<u>134,232,890</u>	<u>65,332,368</u>	<u>131,482,624</u>	<u>821,518</u>	<u>18,856,101</u>	<u>(61,175,302)</u>	<u>289,550,199</u>
Total liabilities	<u>53,631,835</u>	<u>27,944,922</u>	<u>107,580,815</u>	<u>303,210</u>	<u>54,494,636</u>	<u>(39,362,297)</u>	<u>204,593,121</u>
Non-cash expenses other than depreciation and amortisation	<u>347,762</u>	<u>82,367</u>	<u>118,796</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>548,925</u>
Increase in non-current assets	<u>976,443</u>	<u>739,586</u>	<u>906,648</u>	<u>17,117</u>	<u>1,843</u>	<u>20,000</u>	<u>2,661,637</u>

SHANGHAI ELECTRIC GROUP COMPANY LIMITED

**NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL INFORMATION (CONT'D)
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

(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 2022 was as follows (Unaudited):

	Energy equipment	Industrial equipment	Integration 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 loss							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 2023**

(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 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
Mainland China	45,195,579	41,785,691
Other countries and geographical areas	7,882,367	8,507,099
	<u>53,077,946</u>	<u>50,292,790</u>

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

(d) Total non-current assets

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Mainland China	58,430,944	59,728,501
Other countries and geographical areas	9,550,891	7,064,563
	<u>67,981,835</u>	<u>66,793,064</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 2023 and for the six months ended 2022.

RESULTS REVIEW AND MANAGEMENT DISCUSSION AND ANALYSIS

Since the beginning of this year, the international situation has been complicated and severe, while the domestic economy has been adversely affected by many adverse effects including weakening external demand, insufficient internal demand, and intertwined and overlapping cyclical and structural conflicts. During the Reporting Period, in the face of the external environment with both opportunities and challenges, we insisted on taking the strategy of "carbon peaking and carbon neutrality" and a comprehensive green and low-carbon transformation as the main line of development, stepped up scientific and technological innovations, actively explored new tracks, accelerated the transformation and upgrading of industries, and solidly promoted the full implementation of the Group's "14th Five-Year Plan" strategy.

Results Review

During the Reporting Period, the Company achieved total revenue of RMB53,078 million, representing a year-on-year increase of 5.5%; and the gross profit margin of the Company was 17.9%, representing a year-on-year increase of 0.9 percentage point. The net profit attributable to owners of the Company for the Reporting Period was RMB590 million, and net loss attributable to owners of the Company for the corresponding period of last year was RMB991 million. The basic earnings per share of the Company for the Reporting Period was RMB0.04 yuan, basic loss per share for the corresponding period of last year was RMB0.06 yuan. During the Reporting Period, the Company turned loss to profit as compared with the corresponding period of last year, mainly due to: (1) during the Reporting Period, the Company focused on its main business, actively explored the markets and optimized its industrial structure, leading to an increase in operating revenue over the corresponding period of last year; (2) during the Reporting Period, the Company continued to improve on its management efficiency, and increased its investment in scientific research to enhance its product competitiveness, leading to an increase in gross profit margin compared to the corresponding period of last year; (3) at the end of the Reporting Period, the fair value of financial assets held by the Company has increased compared with the beginning of the period.

During the Reporting Period, the Company obtained new orders in the amount of RMB82.01 billion, representing a year-on-year increase of 38.4%. Among the new orders of the Company, orders for energy equipment amounted to RMB49.46 billion (of which orders for nuclear power equipment, coal-fired power equipment, energy storage equipment and wind power equipment amounted to RMB7.82 billion, RMB22.68 billion, RMB6.21 billion and RMB3.08 billion, respectively), orders for industrial equipment amounted to RMB21.43 billion, and orders for integration services amounted to RMB11.12 billion. As at the end of the Reporting Period, our orders on hand amounted to RMB284.18 billion, representing an increase of 5.8% 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 RMB165.54 billion (of which orders for nuclear power equipment, coal-fired power equipment, energy storage equipment and wind power equipment amounted to RMB32.59 billion, RMB70.10 billion, RMB9.39 billion and RMB26.03 billion, respectively), orders for industrial equipment amounted to RMB15.86 billion, and orders for integration services amounted to RMB102.78 billion.

During the Reporting Period, the main business operation of the Company is as follows:

1. Insisting on Scientific and Technological Innovation and Talent Leadership to Create the Primary Driving Force for Development

The theme of 2023 for the Company is "Year of Scientific and Technological Innovation" of Shanghai Electric, based on the Group's "14th Five-Year Plan" strategic objectives, we have taken scientific and technological innovation as the primary driving force for high-quality development. The Company are actively constructing an open, collaborative and win-win technological innovation system, dedicated to facilitating the flow and integration of various global technological resources and elements within the Group. This system aims to build an open innovation system with three characteristics: first, it features a technological source system characterized by "self-reliance + international cooperation." By synergizing self-reliance and international cooperation, the system is based on self-sufficiency, independent innovation, and self-reliance, while simultaneously enhancing openness and expanding international cooperation. It leverages international technological resources to enhance foresight and leadership. Second, it features a technology research and development organization system characterized by "small internal think tank + large external brain storm". The Group's research institutions are integrated into the wider social technology innovation chain, mobilizing social technological, capital and talent resources. This integration allows for effective learning, combination, and utilization of society's most proficient and advantageous technological resources, thereby promoting the technology progress and capability improvement of our products. Third, it features a value creation system characterized by the integration of the "innovation chain + industry chain + value chain." Focusing on the latest research and development achievements, the system aims to industrialize the latest technological breakthroughs. Simultaneously, by leveraging the power of capital, it drives the industrialization and commercialization of new products, effectively connecting the innovation chain, industry chain, and value chain, and truly regarding technology as the primary productive force. During the Reporting Period, the central research institute of the Company and the National Research Institute for Additive Manufacturing established a joint laboratory, which will focus on mutual empowerment and collaborative innovation in such areas as additive and subtractive manufacturing equipment and industrial software. We have been engaging in collaborative innovation discussions with a group of top domestic universities and research institutions, including Shanghai Jiao Tong University, Tsinghua University, and the Yangtze River Delta National Innovation Center, with goals to establish a long-term and stable collaborative innovation platform. In the "2022 Shanghai Science and Technology Awards" announced in May 2023, Shanghai Electric won a total of five first and second prizes across different categories. We are building high-end equipment industry layout with hardcore technology and achieved breakthroughs in some core technology areas. The technical achievement of "Development and Application of Main Pipe for Large Nuclear Power Plant CAP1400 (Guohe One)", of which we participated in the research and development, passed the appraisal of China Nuclear Society, which is the largest stainless steel forged main pipe in the world's pressurized water reactor (PWR) nuclear power plants at present.

Combined with the "carbon peaking and carbon neutrality" strategy, we are actively deploying technologies in the fields of new energy, to empower the deepening of the zero-carbon economy and building new power system. In the field of energy storage technology, Shanghai Electric Energy Storage Technology Co., Ltd. released 500kW/3,000kWh redox flow energy storage system, which fully demonstrates our technological precipitation in the field of all-vanadium redox flow energy storage by virtue of the effect of "superposition" of form, function and efficiency. In the field of hydrogen energy technology, we have launched the 2,000Nm³/h alkaline electrolyzer product, which is currently the water electrolysis hydrogen production product with the largest single unit hydrogen production capacity in China, and its maximum hydrogen production capacity can be expanded to 2,500Nm³/h, which can satisfy the demand for large-scale hydrogen production and use in such scenarios as wind and photovoltaic power bases and green chemical/metallurgy applications. In terms of wind power technology, Shanghai Electric Wind Power Group Co., Ltd. ("SEWP") launched the 16+MW wind turbine, one of the Poseidon platform's whole-ocean area high-capacity series products, which was the offshore wind turbine

that had won the bidding with the largest unit capacity and the largest rotor diameter in the world at that time. The series product can achieve platform-based development, adapt to different foundation forms, different water depth, covering the whole-sea area wind conditions, and its capacity can be expanded to 18MW. In the field of photovoltaic technology, we have proactively entered the heterojunction photovoltaic industry, and through the deployment of production capacity and technology research and development of high-efficiency heterojunction battery and module, we are committed to mastering the N-type new generation of core photovoltaic technology, promoting the implementation of the green power and zero-carbon industry, and relying on our comprehensive strength in the field of energy and industrial equipment, we continue to build the "photovoltaic +" and new energy application scenarios integrated solutions.

In terms of talent leadership, we always adhere to the "talent is the primary resource" strategy and adopt the introduction, training, and forging of scientific and technological innovation talents capable of supporting the strategic development of Shanghai Electric as the main direction for the construction of the talents team. Through the ongoing construction of outstanding engineer team with the "ability to lead tracks" and model workers and craftsmen team with the "ability to strive for achievements", and the training of technicians and engineers under the "dual tutor system", more high-tech and high-skilled talents who can take on the responsibility of scientific and technological self-reliance would be cultivated. We formulated the Leading Talents Introduction Plan and the Successor Plan, established market-based incentive and restraint mechanism for attracting and retaining scientific and technological talents, further improved the assessment system, and promoted the integration of the development chain of various talents and innovation chain; and we initiated a special pilot program for jointly cultivating engineering masters and PhD graduates with Shanghai Jiao Tong University and East China University of Science and Technology and explored multiple modes of school-enterprise cooperation with a number of colleges and universities.

2. Accelerating the Layout of New Energy Tracks to Actively Practice the Goal of "Carbon Peaking and Carbon Neutrality"

During the Reporting Period, we officially released Shanghai Electric Group's "Carbon Peaking and Carbon Neutrality" Action Plan, which puts forward the development goal of "ensuring peak carbon dioxide emissions by 2030, pursuing carbon neutrality in operations by 2035, and achieving carbon neutrality in the entire value chain by 2055". Based on the realization of our "carbon peaking and carbon neutrality" goal, we accelerated the layout of the new tracks, with a focus on the development of new energy industries including wind power, photovoltaic, energy storage and hydrogen energy. Combined with the synergistic collaboration in multiple fields, we provide comprehensive new power system solution for industrial users.

In the field of energy storage, we have been proactive in the deployment of multiple energy storage technology routes, such as compressed air energy storage, pumped storage, flywheel energy storage, lithium battery energy storage and redox flow energy storage, to build a synergistic development ecology for multiple energy storage industries. During the Reporting Period, we won the bid for the world's first 300MW class compressed air energy storage demonstration project under construction – the project of air compressor unit supporting motor of Hubei Yingcheng 300MW compressed air energy storage power plant demonstration project, marking that we have the ability to provide ultra-large capacity, ultra-high efficiency and ultra-high speed motor solutions to the compressor unit of advanced large-scale compressed air energy storage systems. During the Reporting Period, we won the bid for the innovative demonstration project of compressed air + lithium battery combined grid-side shared energy storage power station in Tongwei County, Dingxi City, Gansu Province, which can effectively alleviate the pressure of new energy power peak and frequency regulation, improve the power structure of power grids and

the ability to consume energy, help consolidate and enhance the local power supply capability and power grid security by means of new energy storage comprehensive utilisation model. During the Reporting Period, the vanadium redox flow energy storage equipment for the Japanese industrial and commercial customer-sided photovoltaic power and energy storage microgrid demonstration project that we had undertaken passed customer acceptance and its shipment was completed, which is of milestone significance to our deployment in global energy storage market.

In the field of hydrogen energy, relying on our technology accumulation in high-end equipment manufacturing and system integration, we actively provide the whole industry chain solution, i.e., "production, storage, refuelling and use" of hydrogen energy. Shanghai Qingqi Shidai Technology Co., Ltd., a subsidiary of the Company, has a first-class water electrolysis hydrogen production R&D laboratory in the world, which provides a full range of basic support for key material research and development, component preparation and product manufacturing. During the Reporting Period, we completed the construction of the first "Green Hydrogen Production-Storage-Use" integration demonstration project used in industrial parks in China, which is the largest multi-functional test and verification platform for PEM water electrolysis hydrogen production system in China at present.

In terms of wind power, Shanghai Electric continued to maintain its leading position in field of offshore wind power, ranking first in the country in terms of newly installed capacity of offshore wind power for eight consecutive years. Based on the development concept of "be proficient in wind power and not limited in wind power" and years of leading experience in wind power, we provided customers with whole-life-cycle supporting wind power solutions, and developed new application scenarios of "wind power+". The intelligent wind power manufacturing base of SEWP in Shantou has built an intelligent manufacturing system of digital procurement, digital application and digital decision-making, and an intelligent microgrid integrating wind power, photovoltaic power, energy storage and charging piles, which is one of the first batch of green and intelligent energy projects, and a benchmark demonstration project of intelligent wind power applying the 5G industrial Internet in China.

In the field of photovoltaic technology, during the Reporting Period, a number of photovoltaic projects we had undertaken in overseas markets such as the UK and Japan were successfully connected to the grid. In the field of photovoltaic thermal technology, The Dubai Photovoltaic Thermal Power Plant Project we undertake is a photovoltaic power generation complex project with the world's largest installed capacity and highest technological standard, which is equipped with the largest heat reserve of molten salt, and will realize 24-hour continuous power generation, and through the project, we have provided a demonstration of a large-scale, long-duration, and low-cost regulatory power supply case.

3. Maintaining Deep Cultivation of High-End Equipment Manufacturing to Promote the Optimization and Upgrading of Industrial Structure

We maintain deep cultivation of high-end equipment field, actively promote the optimization and upgrading of industrial structure, and fully exploit our advantage of system solutions in energy and industrial fields to facilitate industrial customers achieve the green and low-carbon transformation development.

In the field of nuclear power, our nuclear power business continues to maintain the first place in the industry in terms of overall market share. During the Reporting Period, Unit No. 3 of CGN Guangxi Fangchenggang Nuclear Power Station, the first "Hualong One" nuclear power unit in the western region of China, of which we participated in the construction, was formally put into operation and had the conditions for commercial operation, which further verified the safety and

maturity of "Hualong One", the third generation nuclear power technology by China's proprietary intellectual property rights. In the field of the fourth generation nuclear power technology, relying on our good technical equipment capacity and technology accumulation, we have secured orders for many sets of high-temperature gas-cooled reactors main equipment. During the Reporting Period, we won the bid for the project of flat actuator test piece for the DEST simulator project of Institute of Rock and Soil Mechanics, Chinese Academy of Sciences, the project of large-scale analogue pressure test device of Shenyang Institute of Automation, Chinese Academy of Sciences, the project of the magnet support for the vacuum chamber of Hebei ENN's fusion experimental reactor.

In the field of high-efficiency clean energy, centering on the theme of promotion of the energy revolution and strengthening of the clean and efficient use of coal, we have leveraged on our technology and market accumulation in the thermal power sector, made effort towards the market of "three reforms linkages" (三改聯動) of coal-fired power generation stations, and continued to set new records for the lowest coal consumption in the world for coal-fired power units, thus activating new vitality of the high-efficiency and clean development of coal-fire power generation. During the Reporting Period, thanks to the excellent performance and long-term safe and stable operation of ultra-supercritical main equipment, we won a number of orders for high-efficiency clean energy projects in China. We obtained the project of expansion of comprehensive utilisation and power generation of Guangdong Guoyue in Shaoguang, for which our independently-developed 700MW ultra-supercritical circulating fluidised bed boiler will be adopted, which is the circulating fluidised bed boiler with the largest single unit capacity, the highest parameters and the best performance in energy-saving and environmental protection in the world. During the Reporting Period, we entered into a long-term service contract for the project of gas-steam combined cycle generating unit with Bensteel Sheet Co., Ltd., achieving the breakthrough in the field of long-term service for low calorific value combustion turbines.

In the field of elevator equipment, the first 10 m/s "Ling Yun" series LEHY-H ultra-high-speed elevator of Shanghai Mitsubishi Elevator Co., Ltd. ("SMEC") was delivered, and the traction machine, control cabinet and main safety components of the series product were manufactured independently. SMEC continued to expand the service industrialization development, trying to make breakthroughs in the businesses of old elevator transformation and installing elevator for old houses to create new growth in service business.

For our business in industrial basic parts such as blades, bearings, fasteners and tools, we adhered to the vision of "becoming a world-leading provider of solutions on industrial basic parts and the major force in replacement of imported medium- and high-end basic parts in China", continued to promote business integration and industrial synergy and has developed "professional, refined, featured and innovative" business clusters with high quality. Shanghai Tool Works Co., Ltd., a subsidiary of the Company, was recognised as a professional, refined, featured and innovative enterprise in Shanghai, thus, all the domestic subsidiaries of the Company in the four major industrial basic parts business areas of blades, bearings, fasteners and tools have been recognized as professional, refined, featured and innovative enterprises in this year.

In the field of aviation assembly and manufacturing lines, we have relied on our extreme manufacturing capabilities and integrated equipment strength to provide safe and controllable intelligent solutions for high-end manufacturing customers such as aircraft manufacturer and aviation engine manufacturer. During the Reporting Period, Broetje, a subsidiary of the Company, completed the delivery of 10 sets of PowerRACe heavy-duty robots of Gulfstream Aerospace. PowerRACe heavy-duty robots are heavy duty robots for heavy aviation manufacturing and assembly which have been self-developed by Broetje, and are highly matched to the high stiffness

and high precision requirements necessary for aviation assembly. In the field of intelligent transport, during the Reporting Period, Thales SEC Transportation System Limited Company released TSTCBTC@3.0, the next-generation autonomous train control signalling system, which further improves the efficiency of train control and enhances the level of intelligent autonomy of the trains through the use of the latest technologies such as autonomous obstacle detection and 5G.

We are launching multi-level and multi-scene intelligent manufacturing practices, deepening the integration and development of new-generation information technologies such as artificial intelligence, 5G and Industrial Internet with the manufacturing industry, to create intelligent scenes such as "Digital Twin+", "Artificial Intelligence+", and "Big Data+", and to build intelligent workshops and factories, and to develop an intelligent supply chain with interconnected data, trusted and interactive information, in-depth collaborative production, and flexible resources allocation. During the Reporting Period, we accelerated the enhancement of our "digital intelligence" capabilities, and some of our manufacturing plants such as the intelligent turbine core equipment factory at Shanghai turbine plant of Shanghai Electric Power Generation Equipment Co., Ltd., the intelligent large turbine generator factory at Shanghai generator plant of Shanghai Electric Power Generation Equipment Co., Ltd., the intelligent elevators factory of SMEC, intelligent nuclear pump and valve factory of Shanghai Electric-KSB Nuclear Pumps and Valves Co., Ltd. being selected into the list of the top 100 Smart Factories in Shanghai. In the field of urban digital intelligence, we have won the bidding for the intelligent management platform project in Yangpu District of Shanghai to help the digital transformation of cities.

SIGNIFICANT EVENTS

Pledge Release of Shares of the Company by Controlling Shareholder

Shanghai Electric Holding Group Co., Ltd. ("SEGC"), the controlling shareholder of the Company, completed the offering of 2020 Non-Public Issuance of Exchangeable Corporate Bonds (Phase I) (the "20 Electric EB") using the A shares of the Company held by SEGC and its yields as the exchange objects on 3 February 2020, and completed registration procedures for the share pledge of 1,120,000,000 A shares of the Company on 15 January 2020. SEGC completed the offering of 2021 Non-Public Issuance of Exchangeable Corporate Bonds (Phase I) using the A shares of the Company held by SEGC and its yields as the exchange objects on 23 March 2021, and completed registration procedures for the share pledge of 254,545,455 A shares of the Company on 15 March 2021. In accordance with the maintenance guarantee ratio and additional guarantee mechanism set out in the "Offering Memorandum for 2021 Non-Public Issuance of Exchangeable Corporate Bonds by Shanghai Electric (Group) Corporation (Phase I) (for eligible investors)", SEGC completed registration procedures for the supplemental share pledge of 30,000,000 A shares of the Company on 17 August 2021.

20 Electric EB was delisted on 3 February 2023 and had been exchanged for a total of 435,478,937 shares of the Company. SEGC completed the pledge release procedures for the 684,521,063 tradable shares of the Company in the "Shanghai Electric (Group) Corporation - Shanghai Electric (Group) Corporation 2020 Non-Public Offering of Exchangeable Corporate Bonds (Phase 1) Designated Shares Pledge Account" on 7 February 2023 at China Securities Depository and Clearing Corporation Limited. As of 30 June 2023, the number of the remaining pledged shares of SEGC was 284,545,455 shares.

Disposal of 100% Equity Interest in Xinji Company

On 14 March 2023, the Board considered and approved the relevant resolution, pursuant to which, the Company was granted approval to transfer the 100% equity interest it held in Shanghai Xinji Machine Tool Co., Ltd. ("Xinji Company") to SEGC, at a consideration of the appraisal value of the total shareholders' equity in Xinji Company of RMB686,915,804.11, which was subject to the final equity valuation result filed with state-owned assets authorities. As of the date of this announcement, the above equity transfer has been completed.

Acquisition of Partial Equity Interests in Subsidiaries

On 29 March 2023, the Board considered and approved the relevant resolution, pursuant to which, the Company proposed to enter into the Agreements on Equity Transfer with ICBC Financial Assets Investment Co., Ltd., BOCOM Financial Asset Investment Company Limited and BOC Financial Asset Investment Co., Ltd. to acquire the 48.18% equity interests in Shanghai Electric Industrial Investment Co., Ltd., 39.42% equity interests in Shanghai Electric Group Shanghai Machinery Co., Ltd., 48.88% equity interests in Shanghai Institute of Mechanical & Electrical Engineering Co., Ltd. and 42.20% equity interests in Shanghai Electric Nuclear Power Equipment Corporation Ltd. The total equity transfer price was RMB 10.004 billion. As of the date of this announcement, the above equity transfer has been completed.

Adjustment of Performance Commitment of Subsidiary

On 30 June 2023, the Board considered and approved the relevant resolution, pursuant to which, the Company was agreed to sign the Supplementary Agreement to the Performance Commitment Agreement with Mr. Wang Weidong and Ms. Xu Xiaojun, the former controlling shareholders of Shenzhen Yinghe Technology Co., Ltd ("Yinghe Technology"), and adjust the performance commitment of Yinghe Technology to realizing a net profit of RMB1,379 million during the four-year period from 2020 to 2023. The performance commitment adjustment has been approved by the 2023 first extraordinary general meeting of the Company held on 27 July 2023.

Litigations in Relation to SECT

Shanghai Electric Communication Technology Co., Ltd. ("SECT"), a controlled subsidiary of the Company, 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 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 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. During the period from May to June 2022, 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 had not been concluded yet, and ruled that the cases are stayed.

SECT 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. During the period from May to June 2022, 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 RMB545,075.7 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 had not yet been concluded, the cases met the circumstances for statutory stay of litigation and ruled that the cases were stayed.

Material 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") 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 of Sasan 6*600MW Ultra Large Supercritical Coal-fired Power Station in India, 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 ("SIAC") 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 (the "First Arbitration").

In December 2021, the Company received a notice of acceptance for an arbitration brought by Reliance UK against the Company issued by the SIAC, 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 (the "Second Arbitration").

In December 2022, the Company received the award issued by SIAC for the First Arbitration, which orders Reliance to pay the Company the sum of USD146,309,239.27.

In May 2023, the Company received a notice from Singapore International Commercial Court that Reliance has filed an application to the Singapore International Commercial Court seeking to have the award for the First Arbitration by SIAC set aside in its entirety. The application has been accepted by the Singapore International Commercial Court.

MATERIAL EVENTS AFTER THE REPORTING PERIOD

Utilization of the Remaining Proceeds from Projects Funded by Proceeds from the Non-Public Issuance of Shares for Permanent Replenishment of Working Capital

On 30 August 2023, the Board considered and approved the relevant resolution, pursuant to which, the Company was agreed to utilize the remaining proceeds from the projects funded by proceeds from the non-public issuance of shares totalling RMB62 million (including interest income, the actual amount is subject to the balance of the special account on the date of transfer) for permanent replenishment of working capital to meet the daily production and operation needs of the Company.

OUTLOOK

Looking forward to the second half of 2023, we will firmly adhere to the general working tone of "pursuing progress while ensuring stability, adhering to integrity and innovation and unswervingly following the path of high-quality development", strive to enhance our ability in scientific and technological innovation, industrial development, reform and innovation, and sustainable development. We will focus on the main responsibility and main business, concentrate on our advantages, contribute to promote the realization of high-quality development of the Group under the strategic goal of "carbon peaking and carbon neutrality" driven by scientific and technological innovation.

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 Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (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 Reporting Period. 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 ethics and compliance 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 contained 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, the chairperson of the Board and chief executive officer of the Company were assumed by one person, who was mainly responsible for the strategic decisions of the Company. The executive director and president of the Company were assumed by another person, who was fully responsible for the daily operation and execution of the Company. The Company considers that the roles and responsibilities of the Board and the management are clear and there is no concentration of management power.

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, the appointment of and remuneration for auditors and financial reports. The Audit Committee has reviewed and agreed to the unaudited interim consolidated financial information for the Reporting 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.

CHANGES IN ACCOUNTING POLICIES

The Ministry of Finance promulgated the "Notice on Issuing the No. 16 Interpretation of Accounting Standards for Business Enterprises (Cai Kuai [2022] No. 31)" (《關於印發〈企業會計準則解釋第16號〉的通知》(財會[2022]31號)) in 2022. In accordance with the aforesaid notice, since 1 January 2023, the Group and the Company have adopted the accounting treatment provisions in the No. 16 Interpretation of Accounting Standards for Business Enterprises

regarding the deferred income tax related to assets and liabilities arising from a single transaction not applicable to the initial recognition exemption. The changes in the accounting policies do not have a significant impact on the Company's financial reports for the current and prior periods. For details, please refer to the Company's announcement on the changes in accounting policies published on 30 August 2023.

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 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 2023 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, 30 August 2023

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 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*