上海电气 SHANGHAI ELECTRIC *

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)

2020 INTERIM RESULTS

PERFORMANCE HIGHLIGHTS

- **Revenue of the Company for first half of 2020 reached RMB53,237 million, an increase of 0.53% over the corresponding period of last year**
- **Profit attributable to owners of the Company for first half of 2020 was RMB1,522 million, a decrease of 17.57% over the corresponding period of last year**
- **Basic earnings per share of the Company for first half of 2020 were RMB0.10 yuan, a decrease of 16.67% over the corresponding period of last year**
- **New orders for first half of 2020 amounted to RMB108.84 billion, a year-on-year increase of 40.8%**
- **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**") is pleased to announce the interim results of the Company and its subsidiaries (the "**Group**" or "**Shanghai Electric**") for the six months ended 30 June 2020. 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 2020 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 2020
(All amounts in RMB'000 Yuan unless otherwise stated)

	Notes	Unaudited 30 June 2020 RMB'000	Audited 31 December 2019 RMB'000
Current assets			
Cash at bank and on hand		24,791,323	21,460,942
Clearing settlement funds		18,482	12,853
Placements with banks and other financial institutions		11,598,836	33,339,823
Held-for-trading financial assets		6,869,757	6,964,752
Derivative financial assets		11,257	2,381
Notes receivable		6,078,907	6,221,789
Accounts receivable	3	32,964,999	29,337,049
Receivables financing		7,167,814	5,440,954
Prepayments		22,271,610	18,764,416
Other receivables		7,307,434	4,254,254
Financial assets purchased under resale agreements		3,008,455	30,800
Inventories		31,285,140	27,004,499
Contract assets		28,936,934	24,984,702
Assets held for sale		2,759,743	9,788
Non-current assets due within one year		3,536,706	3,827,810
Other current assets		18,604,561	17,544,133
Total current assets		207,211,958	199,200,945
Non-current assets			
Other debt investments		51,632	61,729
Long-term receivables		6,475,599	7,223,030
Long-term equity investments		12,055,274	15,118,771
Other non-current financial assets		5,596,579	5,432,302
Investment properties		1,262,534	1,134,391
Fixed assets		17,438,351	16,715,637
Constructions in progress		8,316,847	7,323,700
Right-of-use assets		963,790	952,099
Intangible assets		8,269,649	7,864,479
Research and development expenditures		183,538	170,388
Goodwill		5,183,829	3,641,102
Long-term deferred expenses		462,477	346,346
Deferred tax assets		6,309,577	5,771,190
Other non-current assets		9,271,071	9,567,480
Total non-current assets		81,840,747	81,322,644
TOTAL ASSETS		289,052,705	280,523,589

CONSOLIDATED BALANCE SHEET (UNAUDITED) (CONT'D)
AS AT 30 JUNE 2020
(All amounts in RMB'000 Yuan unless otherwise stated)

	Notes	Unaudited 30 June 2020 RMB'000	Audited 31 December 2019 RMB'000
Current liabilities			
Short-term borrowings		21,866,957	16,733,944
Held-for-trading financial liabilities		37,773	33,097
Derivative financial liabilities		4,977	6,096
Notes payable		9,121,493	8,506,993
Accounts payable	4	58,524,841	57,922,655
Advances from customers		562,702	535,048
Contract liabilities		44,013,762	38,584,900
Amounts sold under repurchase agreements		-	4,050
Deposits from customers, banks and other financial institutions		3,455,407	7,208,955
Employee benefits payable		2,976,218	3,640,260
Taxes payable		1,727,330	3,272,191
Other payables		8,387,651	8,801,884
Non-current liabilities maturing within one year		10,031,168	10,333,765
Other current liabilities		7,894,341	8,477,304
Total current liabilities		168,604,620	164,061,142
Non-current liabilities			
Long-term borrowings		14,584,888	11,268,418
Bonds payable	5	2,482,555	6,917,727
Lease liabilities		756,029	734,513
Long-term payables		1,576,669	1,716,378
Deferred income		1,624,139	1,631,710
Long-term employee benefits payable		250,511	258,445
Provisions		1,693,172	1,436,031
Deferred tax liabilities		976,112	900,890
Other non-current liabilities		25,119	9,163
Total non-current liabilities		23,969,194	24,873,275
Total liabilities		192,573,814	188,934,417
Owners' equity			
Share capital		15,152,472	15,152,463
Capital surplus		20,127,243	19,975,915
Less: treasury stocks		(404,741)	(404,741)
Other comprehensive income		(89,379)	(35,587)
Special reserve		142,595	130,235
Surplus reserve		5,720,695	5,720,695
Retained earnings		24,327,568	22,806,876
Total equity attributable to equity owners of the Company		64,976,453	63,345,856
Minority interests		31,502,438	28,243,316
Total owners' equity		96,478,891	91,589,172
Total liabilities and owners' equity		289,052,705	280,523,589

SHANGHAI ELECTRIC GROUP COMPANY LIMITED

CONSOLIDATED INCOME STATEMENT (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2020
(All amounts in RMB'000 Yuan unless otherwise stated)

	Notes	Unaudited For the six months ended 30 June 2020 RMB'000	 2019 RMB'000
Total revenue		53,236,808	52,956,456
Including: Operating revenue	7	52,818,950	52,459,563
Interest income	7	416,321	494,798
Income from handling charges and commissions	7	1,537	2,095
Total cost of sales		(50,121,796)	(49,888,272)
Including: Operating cost	7	(42,689,517)	(42,449,550)
Interest expenses	7	(41,634)	(47,391)
Handling charges and commissions expenses	7	(4,399)	(495)
Taxes and surcharges	8	(248,198)	(211,510)
Selling and distribution expenses		(1,681,489)	(1,516,996)
General and administrative expenses		(3,052,475)	(3,197,617)
Research and development expenditures		(1,692,844)	(1,590,897)
Financial expenses - net		(711,240)	(873,816)
Including: Interest expenses		(918,766)	(990,683)
Interest income		214,775	191,021
Add: Other income		387,107	373,569
Investment income		636,558	533,617
Including: Share of profit of associates and joint ventures		409,531	392,174
Income arising from derecognition of financial assets measured at amortised cost		(1,027)	(31,809)
Gains/(Losses) on changes in fair value		2,303	(48,719)
Losses from credit impairment		(987,602)	(429,055)
Losses from asset impairment		(137,946)	(401,175)
Gains on disposals of assets		6,744	424,564
Operating profit		3,022,176	3,520,985
Add: Non-operating income		89,977	78,605
Less: Non-operating expenses		(25,418)	(39,046)
Total profit		3,086,735	3,560,544
Less: Income tax expenses	9	(588,342)	(660,636)
Net profit		2,498,393	2,899,908
Including: Net profit of the acquiree in a business combination under common control before the combination date		-	-
Attributable to equity owners of the Company		1,522,052	1,846,457
Minority interests		976,341	1,053,451

CONSOLIDATED INCOME STATEMENT (UNAUDITED) (CONT'D)
FOR THE SIX MONTHS ENDED 30 JUNE 2020
(All amounts in RMB'000 Yuan unless otherwise stated)

		Unaudited For the six months ended 30 June	
	Notes	2020 RMB'000	2019 RMB'000
Other comprehensive income, net of tax		(96,752)	(33,297)
Attributable to equity owners of the Company		(53,792)	(11,019)
Other comprehensive income that will not be subsequently reclassified to profit or loss		1,218	(5,717)
Changes arising from remeasurement of net liability or net asset of defined benefit plan		1,218	(5,717)
Other comprehensive income that will be subsequently reclassified to profit or loss		(55,010)	(5,302)
Changes in fair value of other debt investments		941	31,951
Changes in fair value of accounts receivable measured at fair value through other comprehensive income		(24,783)	(18,548)
Provision for credit impairment of receivables financing		11,184	-
Cash flow hedges, net of tax		(1,059)	913
Exchange differences on translation of foreign operations		(41,293)	(32,949)
Others		-	13,331
Attributable to minority interests		(42,960)	(22,278)
Total comprehensive income		2,401,641	2,866,611
Attributable to equity owners of the Company		1,468,260	1,835,438
Attributable to minority interests		933,381	1,031,173
Earnings per share			
Basic earnings per share (RMB yuan)	10	0.10	0.12
Diluted earnings per share (RMB yuan)	10	0.10	0.12

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 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, environmental protection equipment 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; international trade services; high-end property services and etc.

In the opinion of the directors, the parent and the ultimate holding company of the Group is Shanghai Electric (Group) Corporation ("SE Corporation"), 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 the Stock Exchange of Shanghai Limited.

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.

To enhance efficiency and save compliance costs and audit fees, the Group has prepared only one set of its financial statements in accordance with China Accounting Standards for Business Enterprises since 2020, as approved by 33rd meetings of the 5th Board of Directors held on 15 April 2020 and by the Annual General Meeting held on 29 June 2020, respectively.

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

3 Accounts receivable

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Accounts receivable	41,307,073	36,718,075
Less: Provision for bad debts	(8,342,074)	(7,381,026)
	32,964,999	29,337,049

The aging of accounts receivable was analysed as follows:

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Not overdue	13,025,444	12,070,858
Overdue within 1 year	13,364,239	12,597,105
Overdue 1 to 2 years	5,974,653	4,106,348
Overdue 2 to 3 years	3,140,665	2,602,716
Overdue 3 to 4 years	2,330,152	1,875,802
Overdue 4 to 5 years	1,800,334	1,907,689
Overdue over 5 years	1,671,586	1,557,557
	41,307,073	36,718,075

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

4 Accounts payable

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Accounts payable	58,524,841	57,922,655

The aging of accounts payable was analysed as follows:

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Within 1 year	46,380,017	46,414,885
Over 1 year	12,144,824	11,507,770
	58,524,841	57,922,655

As at 30 June 2020, accounts payable with aging over one year amounted to RMB12,144,824,000 (31 December 2019: RMB11,507,770,000), which mainly comprised payables for construction projects and payables for materials. Such accounts are unsettled as the projects are still under construction.

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

5 Bonds payable

	31 December 2019 (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 2020 (Unaudited)
Electric convertible bond (a)	4,437,675	-	-	33,419	12,594	-	(37)	(33,419)	4,450,232
Electric Eurobond (b)	4,688,134	-	87,278	21,090	1,188	(4,776,600)	-	(21,090)	-
18 Electric MTN001 (c)	2,480,052	-	-	51,733	2,503	-	-	(51,733)	2,482,555
	11,605,861	-	87,278	106,242	16,285	(4,776,600)	(37)	(106,242)	6,932,787
Less: Current portion of bonds payable	(4,688,134)								(4,450,232)
	6,917,727								2,482,555

(a) On 2 February 2015, the Group issued a convertible bond due in 2021 with the principal amounting to RMB6 billion. The nominal interest rates are: 0.2% for the first year, 0.5% for the second year, 1.0% for the third year, 1.5% for the fourth year, 1.5% for the fifth year and 1.6% for the sixth year. The principal will be repaid upon maturity.

Such convertible bond could be converted into SEC's A share at RMB10.72 per share since 3 August 2015, then at RMB10.66 per share due to the distribution of cash dividends (cash dividend of RMB0.05873 per share) for the year ended at 31 December 2014 in July 2015. The convertible share price was further adjusted to RMB10.65 per share since 28 November 2016 due to the new shares issued to acquire assets so as to increase the Group's A shares on 29 August 2016, to RMB10.46 per share since 24 October 2017 due to the new shares issued to acquire assets so as to increase the Group's A shares on 19 October 2017, to RMB10.37 per share since 9 November 2017 due to the non-public issue of new A shares on 6 November 2017, to RMB10.28 per share since 28 August 2018, to RMB5.19 per share since 12 December 2018, and to RMB5.13 per share since 8 August 2019.

Such convertible bonds are subject to resale terms. Since the last two interest bearing years of the convertible bonds, the convertible bond holder is entitled to 103% of the par value of the convertible bonds held by them in whole or in part (including the interest for the very interest bearing year) when the closing price of SEC's stock price is less than 70% of the current conversion price for 30 consecutive trading days.

5 Bonds payable (Cont'd)

(a) The principal of the convertible bond of RMB6 billion, deducted by issuance costs, was divided into two parts on the issuance of the bond. Liability of RMB4,745,903,000 was charged into bonds payable and equity of RMB1,214,919,000 was credited into capital surplus.

(b) On 22 May 2015, the Group's wholly-owned subsidiary, Shanghai Electric Newage Company Limited issued Eurobonds of EUR600 million which was secured by the Group and listed and traded at Ireland Stock Exchange on 25 May 2015, with a term of 5 years at an interest rate of 1.125%.

The Group repaid the principal and corresponding interests of the Eurobonds of EUR600 million on 22 May 2020.

(c) On 13 December 2018, the Group issued a middle-term note of RMB2.5 billion , the amount to be issued of which is 2.5 billion, abbreviated as 18 Electric MTN001, with a term of 5 years at an interest rate of 4.15% (1% increase based on the Shanghai 3-month Inter-Bank Offered Rate on December 14, 2018), the interest bearing period of which was from 17 December 2018 to 17 December 2023, and such notes were issued at par value.

6 Dividends

According to the resolution of the board of directors on 15 April 2020 and the resolution of the Annual General Meeting on 29 June 2020, the Company decided not to distribute 2019 final cash dividend.

During the six months ended 30 June 2020, the board of directors did not declare an interim dividend.

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

7 Operating revenue and operating cost

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Revenue from main operations	51,457,818	51,255,531
Revenue from other operations	1,361,132	1,204,032
Interest income	416,321	494,798
Income from handling charges and commissions	1,537	2,095
	53,236,808	52,956,456

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Cost of sales from main operations	41,872,938	41,838,278
Cost of sales from other operations	816,579	611,272
Interest expenses	41,634	47,391
Handling charges and commissions expenses	4,399	495
	42,735,550	42,497,436

(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 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Sale of goods	36,901,844	39,077,289
Engineering construction	10,319,375	8,458,497
Rendering of services	4,236,599	3,719,745
	51,457,818	51,255,531

Details of revenue from other operations are as follows:

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Sales of raw materials	292,822	331,899
Leasing income	267,946	209,027
Finance lease income	253,818	304,185
Rendering of non-industrial services	70,329	67,257
Sales of energy	2,836	16,537
Others	473,381	275,127
	1,361,132	1,204,032

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

7 Operating revenue and operating cost (Cont'd)

	For the six months ended 30 June 2020(Unaudited)								
	Sales of Goods			Engineering construction					
	China	Other Asian countries/geog raphical areas	Other regions	China	Other Asian countries/ geographical areas	Other regions	Rendering of services	Others	Total
Revenue from main operations	32,743,836	1,365,893	2,792,115	5,285,986	4,311,538	721,851	4,236,599	-	51,457,818
Including: Recognised at a point in time	32,743,836	1,365,893	2,792,115	-	-	-	255,732	-	37,157,576
Recognised over time	-	-	-	5,285,986	4,311,538	721,851	3,980,867	-	14,300,242
Revenue from other operations	268,236	236	24,350	-	-	-	70,329	997,981	1,361,132
	33,012,072	1,366,129	2,816,465	5,285,986	4,311,538	721,851	4,306,928	997,981	52,818,950

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

8 Taxes and surcharges

	For the six months ended 30 June 2020 (Unaudited)	**For the six months ended 30 June 2019** (Unaudited)
City maintenance and construction tax	61,778	47,446
Real estate tax	50,036	78,279
Educational surcharge	47,889	36,422
Stamp duty	50,983	28,976
Others	37,512	20,387
	248,198	211,510

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

9 Income tax expenses

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Current tax charge for the period	1,016,319	886,433
Annual filing differences for the current period	97,342	54,187
Deferred tax	(525,319)	(279,984)
	588,342	660,636

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 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Total profit	3,086,735	3,560,544
Tax at the statutory tax rate (Note 1)	771,684	890,136
Lower tax rates for specific districts or concessions	(114,693)	(155,586)
Adjustments for current income tax of prior periods	97,342	54,187
Profits and losses attributable to joint ventures and associates	(100,833)	(143,630)
Income not subject to tax	(41,285)	(54,292)
Expenses not deductible for tax	61,317	54,115
Tax incentives on eligible expenditures	(76,655)	(68,508)
Utilization of previously unrecognised tax losses and deductible temporary differences	(11,873)	(4,149)
Tax losses and deductible temporary differences for which no deferred tax assets was recognised	3,338	88,252
Others	-	111
Income tax expenses	588,342	660,636

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.

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 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Consolidated net profit attributable to ordinary shareholders of the parent company	1,522,052	1,846,457
Weighted average number of ordinary shares outstanding (i) (Unit: 1,000 shares)	15,152,468	14,798,773
Basic earnings per share	RMB0.10 yuan	RMB0.12 yuan
Including:		
- Basic earnings per share from continuing operations (i):	RMB0.10 yuan	RMB0.12 yuan
- Basic earnings per share from discontinued operations:	-	-

(i) The Company implements 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.

10 Earnings per share (Cont'd)

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 months ended 30 June 2020, although share-based payment implemented by the Company and its subsidiary PMC had a potential dilution effect, the dilution effect was extremely small for the Company. The convertible bonds issued by the company had a dilution effect on the Group's earnings per share. The calculation is as follows:

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Consolidated net profit attributable to ordinary shareholders of the Company	1,522,052	1,846,457
Net interest expenses after tax due to the conversion of convertible bonds to shares (Note)	34,508	103,621
Weighted average number of ordinary shares outstanding (Unit: 1,000 shares)	15,152,468	14,798,773
Weighted average number of ordinary shares increased from convertible bonds to shares (Unit: 1,000 shares) (Note)	870,978	860,982
Weighted average number of ordinary shares outstanding after dilution	16,023,446	15,659,755
Diluted earnings per share	RMB0.10yuan	RMB0.12 yuan
Including:		
- Diluted earnings per share from continuing operations:	RMB0.10 yuan	RMB0.12 yuan
- Diluted earnings per share from discontinued operations:	-	-

Note: In the calculation of diluted earnings per share, the Company assumes that the convertible bonds that have not been converted to shares at the balance sheet date have been fully converted to bonds at the beginning of the current period, and the dilution is considered with reference to the relevant regulations. Among them, the numerator is consolidated net profit attributable to ordinary shareholders of the Company plus net interest expenses after tax that have not been paid on the balance sheet date; the denominator includes the number of the convertible bonds on the balance sheet date, but does not include the number of restricted shares.

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, environmental protection equipment 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; international trade services; high-end property services 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.

(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 2020 was as follows(Unaudited):

	Energy equipment	Industrial equipment	Integration service	Others	Unallocated	Elimination	Total
Revenue							
Including: Revenue from external customers	16,430,119	19,780,703	16,920,801	105,180	5	-	53,236,808
Inter-segment revenue	2,861,625	683,176	936,252	19,643	14,982	(4,515,678)	-
	19,291,744	20,463,879	17,857,053	124,823	14,987	(4,515,678)	53,236,808
Cost of sales	15,799,282	17,145,096	14,209,139	94,142	138	(4,512,247)	42,735,550
Losses from credit impairment	402,046	151,792	632,693	(51)	-	(198,878)	987,602
Losses from asset impairment	152,170	(14,874)	650	-	-	-	137,946
Depreciation and amortisation	624,855	432,248	235,283	7,864	125,743	-	1,425,993
Financial expenses	-	-	-	-	711,240	-	711,240
Share of profit of associates and joint ventures	-	-	-	-	409,531	-	409,531
Operating profit/(loss)	227,397	1,137,609	2,184,250	(45,757)	(737,579)	256,256	3,022,176
Non-operating income or expenses							64,559
Total profit							3,086,735
Assets and liabilities							
Total assets	100,171,283	64,475,509	147,822,948	847,294	53,810,367	(78,074,696)	289,052,705
Total liabilities	67,119,955	34,689,028	98,835,854	437,920	60,660,904	(69,169,847)	192,573,814
Non-cash expenses other than depreciation and amortisation	1,368,880	69,228	29,199	3,318	8,579	-	1,479,204
Increase in non-current assets	825,971	324,719	626,708	4,096	34,664	-	1,816,158

(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 2019 was as follows(Unaudited):

	Energy equipment	Industrial equipment	Integration service	Others	Unallocated	Elimination	Total
Revenue							
Including: Revenue from external customers	17,234,442	20,288,189	15,386,375	46,934	516	-	52,956,456
Inter-segment revenue	1,615,281	335,349	891,281	75,784	16,138	(2,933,833)	-
	18,849,723	20,623,538	16,277,656	122,718	16,654	(2,933,833)	52,956,456
Cost of sales	15,830,427	16,819,027	12,699,687	88,324	160	(2,940,189)	42,497,436
Losses from credit impairment	223,054	137,665	256,184	-	-	(187,848)	429,055
Losses from asset impairment	409,538	(16,951)	8,588	-	-	-	401,175
Depreciation and amortisation	467,229	418,263	246,294	10,102	118,877	-	1,260,765
Financial expenses	-	-	-	-	873,816	-	873,816
Share of profit of associates and joint ventures	-	-	-	-	392,174	-	392,174
Operating profit/(loss)	(259,050)	1,510,813	2,520,616	(88,305)	(397,323)	234,234	3,520,985
Non-operating income or expenses							39,559
Total profit							3,560,544
Assets and liabilities							
Total assets	83,675,269	60,668,343	126,617,391	872,132	49,481,048	(66,620,686)	254,693,497
Total liabilities	53,399,969	31,020,548	87,876,568	230,808	45,758,801	(51,696,430)	166,590,264
Non-cash expenses other than depreciation and amortisation	506,615	48,261	19,956	-	-	-	574,832
Increase in non-current assets	450,025	624,801	1,381,701	7,679	10,683	-	2,474,889

(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 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Mainland China	43,940,379	45,053,778
Other countries and geographical areas	9,296,429	7,902,678
	53,236,808	52,956,456

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

(d) Total non-current assets

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Mainland China	52,083,924	51,818,826
Other countries and geographical areas	11,323,436	10,996,895
	63,407,360	62,815,721

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

RESULTS REVIEW AND MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2020, due to the spread of the novel coronavirus epidemic (COVID-19), the systematic risks and uncertainties in the global economy increased significantly. The reshaping of the global industrial chains caused by the epidemic and the increasingly intensified trade protectionism further increased pressures on the economic downturn. China's economy started to recover after experiencing the impacts of the epidemic on the supply and demand. With the stable advancing of work and production resumption, the economic and social order gradually recovered. In the first half of 2020, in the face of the risks and challenges caused by the epidemic and in line with the "three steps forward" strategy, Shanghai Electric undertook the mission and responsibility of serving national strategies, adhered to the development orientation of providing green, environment friendly, intelligent, interconnected, digital and overall solutions, accelerated the adjustment of industrial structures and the changes in growth driving forces, fostered and boosted strategic emerging industries, laying a solid foundation for achieving the operation targets for the whole year.

From 1 January 2020 to 30 June 2020 (the "Reporting Period"), the Company achieved total revenue of RMB53,237 million, representing a year-on-year increase of 0.53%; the net profit attributable to owners of the Company amounted to RMB1,522 million, representing a year-on-year decrease of 17.57%; the net profit attributable to the owners of the Company after deduction of non-recurring profit and loss amounted to RMB1,347 million, basically remained the same level as that as of the corresponding period of the preceding year.

During the Reporting Period, the Company obtained new orders in the amount of RMB108.84 billion, representing a year-on-year increase of 40.8%. In particular, new orders for energy equipment, industrial equipment and integrated services accounted for 48.3%, 25.1% and 26.6% of the total new orders, respectively. As at the end of the Reporting Period, our orders on hand amounted to RMB294.37 billion (with orders in the aggregate amount of RMB85.54 billion not yet coming into effect), representing an increase of 20.5% from the end of the preceding year. Within the order backlog by the end of the Reporting Period, orders for energy equipment, industrial equipment and integrated services accounted for 49.3%, 5.5% and 45.2% of the total orders on hand, respectively.

Under the policy environment with China vigorously advancing 5G network and industrial internet and leveraging on our technical advantages and accumulation of experience in high-end equipment manufacturing, we increased investments and inputs in technology and actively explored new business models in the times of industrial internet with the focus on "online new economy". Our self-established "SEunicloud" industrial internet platform was officially released at the 2019 China International Industry Fair (CIIF). "SEunicloud" integrates emerging technologies such as artificial intelligence, big data, and cloud computing, conducts "digital empowerment", and promotes the upgrading and rebuilding of industrial modes, operating modes and value modes and facilitates Shanghai Electric in developing an "industrial triangle" digital ecology with "hardware + industrial internet services + e-commerce and offline services". "SEunicloud" has developed and integrated applications such as equipment networking, fault diagnosis, remote operation and maintenance and energy planning and will be developed into a hub for housing and allocating data assets of Shanghai Electric. It will give play to the advantages of application scenarios and industrial data and provide intelligent application solutions on intelligent production, internet-based coordination, individualized customization and extended services to platform users of the

Group. Currently, “SEunicloud” has gained access to nearly 100,000 equipment including power generation equipment, elevators and machine tools.

We are currently carrying out forward-looking layouts and deep exploration on new industries and new business types such as intelligent manufacturing, smart energy, smart transportation and smart city.

In the field of intelligent manufacturing, Shanghai Electric focuses on innovation-driven and industrial transformational development, and empowers industrial transformation and upgrading with digital, network, and intelligent means. We are advancing a batch of intelligent manufacturing demonstrative projects within the Group, covering smart factory, smart operation and maintenance, smart supply chain and other sectors. The “power equipment (thermal and nuclear power) large-scale turbine generator smart factory” project of our turbine generator plant has passed the acceptance and assessment by experts organized by the Shanghai Economic and Information Commission (上海市經濟與信息委員會). The project is among the first batch of demonstrative projects for intelligent manufacturing standardization and new model application of MIIT, and also a state-level “smart factory”. The gas turbine intelligent service system has gained access to a total of 14 units in 8 power plants and the intelligent gas turbine operation and maintenance system has been under operation for 100,000 hours. It has developed series of intelligent products and services covering online performance testing, intelligent cleaning of gas turbines, equipment health testing and fault alarming. We have obtained the contract on the intelligent ammonia spraying optimization project on the denitration system of new 2×660MW units in the third phase of Shaanxi Guohua Jinjie Power Plant (陝西國華錦界電廠). It is our first order obtained in the sector of the environmental and intelligent ammonia spraying technology with our proprietary R&D technology and will become a typical project in realizing intelligent empowerment. We accelerated the cloud-based application of business systems, established the smart supply chain platform of Shanghai Electric and achieved digitalized procurement to empower the overall procurement segment and processes. The smart supply chain platform of Shanghai Electric covers over 70 subsidiaries with over 12,000 suppliers.

In the field of smart energy, with the transformation of the national energy structure while conducting layout on new energy and renewable energy, Shanghai Electric seized opportunities in policies on new energy consumption, new infrastructure and the construction of 5G base stations and focused on the development of the energy storage industry. Through Shanghai Electric Gotion New Energy Technology Co., Ltd. (上海電氣國軒新能源科技有限公司) (“Electric Gotion”), a controlled subsidiary of the Company, and Shanghai Electric Central Research Institute, we conducted technical research and product development on lithium iron phosphate batteries, all-vanadium flow batteries and hydrogen fuel batteries and developed business capabilities on battery management systems and the integration of energy storage systems. In recent years, we undertook a batch of demonstrative projects, including the project on the grid-side sharing energy storage and power station in Golmud of Qinghai, the demonstrative project on independent electrochemical energy storage in Jinzhai of Anhui and the user-side energy storage project and comprehensive energy projects in Tinghu District, Yancheng of Jiangsu with innovative models. In the field of charging stations, we obtained various orders such as the energy storage system for the charging station of Beijing Huashang Sanyou New Energy Company (北京華商三優新能源公司) and the project on charging piles in the aircraft movement area of Beijing Daxing Airport. We acquired Shenzhen Yinghe Technology Co., Ltd. (“Yinghe Technology”，深圳市贏合科技股份有限公司), which owns the core technology of all aspects of lithium battery equipment and provides overall solutions. The acquisition will facilitate the rapid transformation of Shanghai Electric’s scientific research achievements in the field of energy storage, and further optimize the industrial layout. While deeply cultivating the energy storage market, we also actively promoted the expansion and application of Internet technology in distributed energy, new energy and other sectors. We took over the "Internet +" smart energy demonstrative project of Samsung in Chongming of Shanghai and adopted the concept of the integration of "wind-solar energy storage and power charging", achieving mutual complementation of wind-solar energy storage, the unified management of grid-connected and off-grid systems and flexible trading based on green energy. The smart energy demonstrative project in Minhang Industrial Zone of Shanghai undertaken by us consists of distributed power source, energy storage device, integrated charging pile for wind-solar energy storage and power-charging, and comprehensive energy intelligent management platform, which can realize the use of renewable energy, peak load shifting of electricity utilization, and demand control, for the purpose of saving energy and increasing power utilization efficiency in the industrial zone.

In the field of smart transportation, based on our traditional advantages on the production and manufacturing of metros, tramcars and other hardware and the development of the software system, we consistently iterated and upgraded the intelligent level of unmanned driving, IERT (intelligent electronic rail transit system), suburban railways, intercity transportation and other new-generation rail transit products. The Huinan smart station project of Line 16 of Shanghai Rail Transit (上海市軌道交通16線惠南站智慧車站項目) undertaken by us is one of the first batch of Shanghai Rail Transit Smart Station Pilot Stations, in which, remote control functions such as escalators and shielded doors, as well as station operation achieved intelligent management. We won the bids for the comprehensive intelligent maintenance project for Line 5 of Shanghai Rail Transit. Based on the urban rail transit intelligent maintenance and health management platform, we will provide comprehensive intelligent maintenance services for the full life cycle of three professional facilities and equipment, namely vehicles, power supply and traffic signals, to achieve the transformation from "informationization" to "intelligentization" of metro maintenance services and from "planned repairing" to "repairing based on conditions" for facilities and equipment maintenance. With the market-leading CBTC 2.0 solutions to the signal system and signal solutions to suburban rapid rail transit, monorail transit and other traffic means, we are providing assistance to 35 metro lines in 15 cities, including Shanghai, Beijing, Wuhan and Guangzhou, with a total mileage of over 1,400 kilometers.

In the field of smart city, leveraging on our accumulation of technology in intelligent manufacturing, big data and the Internet of Things, we provide intelligent solutions to infrastructure construction in cities. For Xiongan New Area, we participated in compiling the framework system of intelligent infrastructure, compiled the application systems, sensory sensing and data fusion, and joined the independent research and development of the first intelligent access device — X-Hub intelligent gateway, laying a foundation for the intelligent and digital construction of Xiongan New Area. The Smart Energy Big Data Platform Project in Yancheng, Jiangsu Province undertaken by us is to provide multidirectional data access and support for the planning, construction and operation of various energy projects in Yancheng to realize intelligent management of the entire energy chain.

During the Reporting Period, the operation of major business segments of the Group is as follows:

Energy Equipment

During the Reporting Period, the energy equipment segment achieved revenue of RMB19,292 million, representing an increase of 2.3% as compared with the same period last year, which was mainly attributable to a faster growth of wind power equipment business. During the Reporting Period, gross profit ratio of the energy equipment segment reached 18.1%, representing an increase of 2.1 percentage points as compared with the same period last year, primarily due to change in gross profit margin structure of energy equipment. The operation of major business of the segment is as follows:

Shanghai Electric is the only nuclear power equipment manufacturing conglomerate with a complete industry chain covering main and auxiliary equipment for nuclear and conventional islands and heavy forgings for nuclear power plants while it maintains a leading market share in respect of nuclear island main equipment. During the Reporting Period, by implementing the technology development strategy of "mastering current generation technologies, developing next-generation technologies and exploring next-next-generation technologies (掌握一代，研製一代，跟踪開發一代)", Shanghai Electric systematically proceeded with the production of nuclear island equipment for on-hand orders. During the Reporting Period, we won the bids of the project on the manufacturing of an early component for TF coils in the "Comprehensive Research Facility for Fusion Technology", a key national scientific and technological facility under the "13th Five-year Plan" of the Chinese Academy of Sciences, which is of strategic significance for us to further participate in domestic and overseas nuclear fusion projects and expand into the equipment market. During the Reporting Period, we assumed 3 projects on the first breakthrough and demonstrative application of high-end intelligent equipment in Shanghai, including the first breakthrough in the pressure vessels and reactor vessel internals of "Hualong One" nuclear power reactor, the first breakthrough in the heavy forging for steam generators of "Hualong One" nuclear power reactor and the first breakthrough in the forgings for CAP1400 nuclear power pipeline, and all of them have passed the acceptance and assessment by experts.

During the Reporting Period, we received new orders for nuclear power equipment of RMB2.69 billion, representing a year-on-year increase of 244.8%. Our orders on hand for nuclear power equipment by the end of the Reporting Period amounted to RMB19.10 billion, representing an increase of 5.7% from the end of the preceding year.

In the field of wind power equipment, as China's largest offshore wind power equipment manufacturer, we take "becoming the world's leading wind power life cycle service provider" as our goal to create greater value for our customers. During the Reporting Period, China's first 8.0MW offshore wind turbine was successfully put into operation at the island of the Shantou base of Shanghai Electric. The project is the first "Internet of Energy +" demonstrative project of Shanghai Electric at the level of industrial parks with the integration of wind-solar energy storage. The SPIC Jiangsu Binhai South H3 offshore wind power project undertaken by us has completed the installation of the first wind turbine and deployed 75 sets of 4.0MW wind turbines with a total installed capacity of 300MW. We have executed a strategic cooperation framework agreement on the 1GW wind power project with China First Heavy Industries and Tsitsihar City and the three parties will develop and construct a local wind power project with a capacity of no less than 1GW. Our internally developed "Feng Yun" system, a remote management platform based on cloud computing and big data, can cover and accommodate data of all types of onshore and offshore wind power equipment and has gained data access to over 3,000 wind turbines in over 100 wind farms. During the

Reporting Period, the application for the spin-off and listing of Shanghai Electric Wind Power Group Co., Ltd., a subsidiary of the Company, on the STAR Market has been accepted by Shanghai Stock Exchange.

During the Reporting Period, we received new orders for wind power equipment of RMB33.96 billion, representing a year-on-year increase of 505.8%. Our orders on hand for wind power equipment by the end of the Reporting Period amounted to RMB57.09 billion, representing an increase of 90.4% from the end of the preceding year. Among orders for wind power equipment, new orders for offshore wind power equipment during the Reporting Period amounted to RMB24.91 billion, representing a year-on-year increase of 707.3%; the orders on hand for offshore wind power equipment at the end of the Reporting Period amounted to RMB38.94 billion, representing an increase of 126.9% from the end of the preceding year.

With the further elimination of backward thermal power capacity and the continuous progress with the power system reform in China, our coal-fired power equipment business continued to improve product technology and service levels and maintained leading in the domestic market for high-efficiency coal-fired units. We further advanced the going global strategy and obtained more orders in overseas market, partially offsetting the impact of the declining demand in domestic coal-fired power market. During the Reporting Period, we won the bids for the project on 2×650MW ultra supercritical secondary reheating coal-fired units of Huaneng Shidongkou First Power Plant (華能石洞口第一電廠), which is the first demonstrative project with equal capacity replacement in China. We obtained orders of supplying 2×660MW ultra supercritical steam turbine and turbine generator for SPIC Inner Mongolia Baiyin Huakengkou Power Plant (國家電投內蒙古白音華坑口電廠) and 2×660MW ultra supercritical steam turbine and generator for the second phase of Inner Mongolia Mengtai Dongsheng Power Plant (內蒙古蒙泰東勝). We also secured orders for sets of 2×135MW steam turbine and generator for the third phase of Rizhao Xuri Power Generation Plant (日照旭日發電廠), a self-owned power plant under Rizhao Iron and Steel, orders of supplying major equipment for 2×350MW boiler, turbine and generator for the Indonesian industrial park of Qingshan Iron and Steel and orders of supplying three major equipment for the 1,320MW coal-fired power station project in Patuakhali, Bangladesh.

During the Reporting Period, we acquired new orders for coal-fired power equipment of RMB2.32 billion, representing a year-on-year decrease of 42.7%.

In the field of gas turbines, Shanghai Electric has achieved the coverage of full industrial chains including the design, manufacturing, repairing, spares part, consultancy and other businesses on gas turbines. Through the continuous exploration and innovation in the sector of key technologies on gas turbines, it completed self-iteration of more efficient and cleaner solutions with longer useful life for gas turbines. We established an intelligent platform to provide users with digital and intelligent solutions on gas turbines. During the Reporting Period, we entered into a contract on supplying major equipment for the floating rapid power generation project of 240MW gas turbines with Wison Offshore & Marine Co., Ltd. (惠生海洋工程有限公司) to provide major equipment for full-set gas turbine power generation units of two floating rapid power generation ships with gas turbines. During the Reporting Period, we obtained the project on the overhauls of the EPC rotor drawings of gas turbine power generation units of Huadian Fengxian (華電奉賢), which has demonstration effects on the repairing of over 20 same units of Shanghai Electric in the future. In addition, we also signed contracts on long-term maintenance and service for the gas turbines of the SPIC Guangdong Branch in Sihui. As at the end of the Reporting Period, we have secured orders in relation to the long-term support services for 22 gas turbines in 11 projects. During the Reporting Period, we signed contracts with Beijing Energy Group (京能集團) on the intelligent optimization system of certain load performance of E-class gas turbines, which is our first joint R&D with users on such type of gas turbines and will effectively improve the combined cycle efficiency of the units under certain loads, assist power plants in saving fuel expenses and provide solid guarantees for the digital and intelligent operation and maintenance of gas turbine power plants and achieving the building of intelligent power plants.

During the Reporting Period, we acquired new orders for gas turbines of RMB3.20 billion, representing a year-on-year decrease of 22.1%.

In the field of energy storage, with the goal of becoming a leader in the domestic energy storage industry, we have captured further market share with strategic layout based on our technical research results for years in the field. We invested in the construction of a sharing energy storage project in Golmud of Qinghai. The project will build a 32MW/64MWh power station with energy storage in the first phase, which will be connected to the local grid in Qinghai and effectively mitigate the curtailment of solar and wind power in surrounding areas. The new development model of sharing energy storage enjoys the highest utilization in intensive resources input, friendly grid operation and the revenue of renewable energy plants. During the Reporting Period, Electric Gotion won the bids for supplying ancillary energy storage systems for the 50MW wind farm in Shencun, Xuanzhou District, Anhui Province and the 50MW wind power project (Phase II) in Boyong, Qiaocheng District, marking our official expansion into the wind power energy storage market. During the reporting period, by virtue of its super technical strength and ever-growing brand value in the automotive lithium-ion battery equipment manufacturing industry, Yinghe Technology has undertaken the contracts for supply of automatic lithium-ion battery manufacturing equipment from CATL, Soundon New Energy and Hunan Times Union* (湖南時代聯合), including numerous key equipment for the front, middle and back sections of the lithium-ion battery production line, achieving further enhancement in the field of the lithium-ion battery manufacturing under the whole-line model.

In the field of grid and industrial intelligent power supply system solutions, we actively promoted the development strategy from power business to engineering, from traditional grid business to new grid technology. During the Reporting Period, we won the bids for the energy storage frequency adjustment project of Guangdong Yuedian Dapu Power Plant (廣東粵電大埔電廠), achieving breakthroughs in the commercial operation of the energy storage frequency adjustment project of Shanghai Electric. Leveraging on the outstanding performance of energy storage batteries in rapid releasing and absorption of active power, the project can improve the stability of the grid and participate in the domestic power ancillary service market. During the Reporting Period, we won bids for various projects in domestic and overseas grid markets, including the supply of equipment for the medium- and low-voltage packages in the Phase-III expansion of Auts Technology (Chongqing) Co., Ltd. (奧特斯科技（重慶）有限公司), the supply of high- and medium-voltage electric equipment for the project with loans from the World Bank in Uzbekistan and the project of the power transmission line in Sarawak, Malaysia.

During the Reporting Period, we acquired new orders for grid and industrial intelligent power supply system solutions of RMB5.10 billion, representing a year-on-year increase of 11.7%.

Industrial Equipment

During the Reporting Period, the industrial equipment segment's revenue was RMB20,464 million, representing a decrease of 0.8% as compared with the same period last year, which was mainly attributable to the decrease in overseas revenue of fastener business caused by the epidemic. During the Reporting Period, gross profit ratio of the industrial equipment segment was 16.2%, representing a decrease of 2.2 percentage points as compared with the same period last year, primarily due to the decrease in gross profit ratio of fastener business overseas affected by the pandemic and the decrease in gross profit ratio of elevator business resulted from the adoption of the pricing strategy designed to further expand market share. The operation of major business of the segment is as follows:

During the Reporting Period, with the effective containment of the COVID-19 epidemic in China, the real estate and infrastructure sectors were rapidly recovering from the shock brought by the epidemic, and thereby the demand for elevator products experienced recovery growth in the second quarter. Shanghai Mitsubishi Elevator Co., Ltd ("SMEC"), depending on its core competitiveness such as team cohesiveness, brand reputation, service network coverage and manufacturing capabilities, continued to maintain its stable growth in business development. During the Reporting Period, SMEC has been awarded the tender to provide 83 elevators in the 501 China International Silk Road Center project of Greenland and 53 high-speed elevators in the Hangzhou Shimao's "Wisdom Gate" project. SMEC has taken service innovation as an effective way to enhance the competitiveness of the manufacturing industry. By providing strong additional services for its products and dynamically introducing the world's advanced level of elevator installation and maintenance technologies, it is committed to the enhancement of large-scale, standardized, differentiated services and brand building, developing a full-coverage and three-dimensional marketing service network. As of the end of the Reporting Period, SMEC has set up 89 immediate branches and more than 360 branches providing maintenance service across the country. The development and comprehensive promotion and application of the IoT-based elevator integrated supervision and control system has further enhanced the quality and efficiency of SMEC'S maintenance services, not only promoting the application of the IoT in the elevator field, but also guiding the standardized and professionalized development of the elevator maintenance industry, which facilitated the core competitiveness of SMEC's elevator maintenance services.

In the field of intelligent manufacturing equipment, we have deepened our industrial collaboration and seized the opportunity of industrial upgrading towards "flexible-manpower-line, unmanned and intelligent" direction. During the Reporting Period, Germany Broetje Company won the bid for the automatic drilling and riveting machine for Airbus A220 Project of AVIC SAC Commercial Aircraft Company Ltd., marking a new breakthrough made by us in the field of intelligent manufacturing for aviation and aerospace industries.

In the field of construction industrialization, with our independent equipment research and development and manufacturing capabilities, we focus on building a full industry chain of services covering prefabricated construction design, production equipment manufacturing, and PC component production, providing one-stop solutions for prefabricated construction market. By building an "intelligent manufacturing + industrial internet platform", we are capable of integrating industry resources with management expertise while constructing digital plants and intelligent equipment. Our "Matechstone Cloud Chain" sharing service platform effectively connected upstream and downstream resources in the industry chain through the use of cloud computing, big data, Internet of Things and other information technologies, creating a one-stop collaborative service platform for the prefabricated construction industry that integrates project management, intelligent manufacturing, centralized procurement, logistics and distribution, and supply chain financial services.

During the Reporting Period, we acquired new orders for construction industrialization of RMB0.74 billion. At the end of the Reporting Period, our orders on hand for construction industrialization amounted to RMB0.6 billion.

Integrated Services

During the Reporting Period, the integrated services segment achieved revenue of RMB17,857 million, representing an increase of 9.7% as compared with the same period last year, which was mainly attributable to the increase in revenue of energy engineering and services. During the Reporting Period, gross profit ratio of the integrated services segment was 20.4%, representing a decrease of 1.6 percentage points as compared with the same period last year, primarily due to change in gross profit margin structure of energy engineering and services. The operation of major business of the segment is as follows:

In the field of energy engineering and services, we continued to cultivate overseas markets and markets in countries along the "One Belt and One Road" initiative and sped up in becoming a leading enterprise in the global energy engineering general contracting industry. During the Reporting Period, the world's tallest 222-meter solar thermal tower, the core construction of the 700 MW concentrated solar power (CSP) project was topped out. It is under the 950MW CSP and photovoltaic (PV) hybrid power station project, the world's largest CSP project in Dubai, undertaken by Shanghai Electric. The phase-I demonstration project of the "PV + energy storage" power station ancillary to the CSP and PV project in Dubai was officially initiated, marking that Shanghai Electric' s overall solutions to solar energy storage and battery energy storage products expanded into overseas markets for the first time. We reached cooperation with Singapore Land Energy Company (新加坡大地能源公司) and secured the contract on the general contracting of the PV power station project (the second phase of Sunshine Land) in the business park of Singapore Changi Airport. The project is currently the biggest concentrated PV power station under plan in Singapore. During the Reporting Period, we obtained the contract on the 28MW PV power station project of JAGA in Japan and the contract on the general contracting of the biomass electricity and heat cogeneration and clean heat supply project of CR Power in Caofeidian. During the Reporting Period, Unit 5 of the 1000MW ultra supercritical coal-fired units of China Guodian Hanchuan Plant (國電漢川電廠), the first overhauls project on 1000MW units undertaken by us, was connected to the grid. The expansion project constructed by Shanghai Electric under general contracting in Sylhet, Bangladesh has completed the trial operation on the reliability of units, making it the first overseas combined cycle project of Shanghai Electric under general contracting put into operation. In addition, based on demands for e-commerce services, we released the "e Station" (e站通), an e-commerce platform of Shanghai Electric, during the Reporting Period to promote the accurate matching of services from factories and demands of power plants and gradually achieve the establishment of the ecosystem of energy services. Currently, users with online trading on the "e Station" include 152 power plants.

During the Reporting Period, we acquired new orders for energy engineering and services of RMB18.17 billion, representing a year-on-year decrease of 1.3%. At the end of the Reporting Period, our orders on hand for energy engineering and services amounted to RMB113.82 billion, representing an increase of 7.4% from the end of the preceding year; among which, the overseas orders amounted to RMB66.26 billion, representing an increase of 7.6% from the end of the preceding year.

In the field of environmental protection engineering and services, we have maintained rapid development momentum, and achieved technological and market breakthroughs in various fields such as power plant environmental protection, solid waste treatment and water treatment. During the Reporting Period, we won the order for the PPP project on rural sewage treatment in Huaiyuan County, Bengbu City, Anhui Province. The project includes the construction of sewage network and sewage treatment facilities in 16 stations of townships and towns and 2 provincial beautiful villages in Huaiyuan County as well as the establishment of an operation and maintenance supervision platform covering the scope of the project. During the Reporting Period, we won the order for the medical waste disposal project (the first stage) in Foshan City. The project is the only medical waste disposal facilities in Foshan City and adopts the unique thermolysis, gasification and incineration techniques. All sewage from the factory is recycled after handling and achieved zero discharge. The winning of the project marks an important step for the Company to conduct layouts on the treatment of hazardous waste and medical waste. We won the order for the lead-acid battery recycling and secondary lead smelting project in Chenzhou. The project can handle 160,000 tons of waste lead-acid batteries each year and produce secondary lead of 110,000 tons each year. During the Reporting Period, the rural domestic sewage treatment and maintenance center of Shanghai Electric in Chongming District was put into operation, providing services such as integrated sewage equipment maintenance, ancillary pipeline dredging, pump station dredging and replacement and repairing of ancillary electric components.

During the Reporting Period, we acquired new orders for environmental protection engineering and services of RMB4.45 billion, representing a year-on-year decrease of 38.7%. At the end of the Reporting Period, our orders on hand for environmental protection engineering and services amounted to RMB9.94 billion, representing an increase of 23.8% from the end of the preceding year.

In the field of automation engineering and services, we are committed to helping customers build a streamlined, rationalized, standardized, automated and unmanned manufacturing system. During the Reporting Period, Shanghai Electric Automation D&R Institute Co., Ltd., a subsidiary of the Company, and China Railway Shanghai Engineering Group Co., Ltd. jointly won the order for the project on the engineering automation and electromechanical integrated installment and debugging for the second phase of Xinzhou Sewage Treatment Plant in Ningbo, providing customers with systematic and overall solutions on “intelligent water”. During the Reporting Period, we won the order for the program on the operation and dispatching system of the tramcar EPC project in Ice Township of Prince City (太子城冰雪小鎮) in the Olympic venue in Chongli, Zhangjiakou. The program on the operation and dispatching system is an important control equipment to guarantee the driving control, driving safety and high-efficiency operation of tramcars and is a key system for the operation and control of tramcars. During the Reporting Period, we won the order for the program on the integration of the signal systems for the Phase-I of Nanchang Metro Line 4 and Zhengzhou Metro Line 6. We also won the order for the program on the integration and subcontracting of the electromechanical system for the Phase-I of the tramcar system in Jiaxing, marking the expansion of Shanghai Electric’s rail transit target markets from urban metros to suburban railways.

During the Reporting Period, we acquired new orders for automation engineering and services of RMB2.43 billion, representing a year-on-year increase of 473.7%. At the end of the Reporting Period, our orders on hand for automation engineering and services amounted to RMB5.06 billion, representing an increase of 38.0% from the end of the preceding year.

During the Reporting Period, in order to coordinate execution of our group strategy, our financial business accelerated the development at three levels of "managing treasury, promoting product sales and project contracting, and supporting the development of new businesses and introduction of new technologies", and evolved towards a comprehensive financial service provider with presence in both domestic and overseas markets. During the Reporting Period, our financial business provided guarantees to the new demands of subsidiaries of the Group in business transformation through innovative financial instruments and various measures. We entered into strategic cooperation agreements with downstream customers in the industrial chain, achieving mutual recognition of letters of guarantee, assisting subsidiaries of the Group in conducting business with downstream customers with higher efficiency, more convenience and lower costs and promoting the development of the industry. During the Reporting Period, we continued to deepen the integration between business and finance, gave play to the coordinated advantages and provided comprehensive service plans on "promoting production with finance" to meet the capital demands in overseas investments, projects and trade, promote the implementation of key projects through funds and other diversified investment means and achieve cooperation and win-win results.

Outlook

Looking forward to the second half of 2020, we will focus on accelerating the adjustment of the industrial chain as the principal line and vigorously advance the implementation of the "three steps forward" strategy with deepening the reform of systems and mechanisms as the driver. We will focus on advancing "four transformations", namely the digital transformation, the transformation of product structure, the transformation of industrial modes and the transformation of business models. We will cultivate strategic emerging industries and achieve new layouts on energy storage, new energy, intelligent manufacturing and other sectors. We will forge ahead, overcome external difficulties caused by the epidemic, vigorously "reshape Shanghai Electric" and continue to struggle forward and achieve the "Electric Dream".

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 2020 to 30 June 2020. 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 A.2.1 of the Code concerning the separation of the roles of the chairman and chief executive officer.

Pursuant to code provision A.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, Mr. Zheng Jianhua served as the Chairman of the Board and the Chief Executive Officer of the Company while Mr. Huang Ou, 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.

ALIGNMENT IN THE PREPARATION OF FINANCIAL STATEMENTS IN ACCORDANCE WITH THE CHINA ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES AND CESSATION OF APPOINTMENT OF THE INTERNATIONAL AUDITOR

On 15 April 2020, the Board of the Company considered and approved the relevant resolutions that the Company will prepare only one set of its financial statements in accordance with the PRC Accounting Standards for Business Enterprises from 2020 onwards and cease to appoint PricewaterhouseCoopers as the international auditor of the Company at the same time in order to improve efficiency and save compliance costs and audit fees. The relevant resolutions were considered and approved at the annual general meeting for the year of 2019 of the Company. The Company is of the view that the alignment in the preparation of financial statements in accordance with the PRC Accounting Standards for Business Enterprises will not have a significant impact on the financial position, operating results and cash flows of the Company in 2020 and in the future.

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 the connected transactions of the Company. They also discussed risk management, internal controls of the

Group and financial reporting matters, including having 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, the Company proposed to repurchase and cancel a total of 7,416,000 Restricted A Shares which have been granted but not yet unlocked due to changes in the personal circumstances of 95 participants under the Restricted A Share Incentive Scheme in accordance with Chapter 13 of the Restricted A Share Incentive Scheme (Draft), representing approximately 5.55% of the total number of 133,578,000 registered Restricted A Shares of the Company and approximately 0.05% of the total share capital of the Company. The repurchase price of the Restricted Shares is RMB2.96854 per share. The Company is of the view that the shares repurchase and cancellation will not have a significant impact on the financial position and operating results of the Company.

Save as stated above, no purchase, sale or repurchase of the Company's listed securities has been made by the Company or any of its subsidiaries during the Reporting Period.

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 Mr. Zheng Jianhua, Mr. Huang Ou, Mr. Zhu Zhaokai and Mr. Zhu Bin; 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. Chu Junhao, Dr. Xi Juntong and Dr. Xu Jianxin.

As at the date of this announcement, the Supervisors of the Company are Mr. Zhou Guoxiong, Mr. Hua Xingsheng, Mr. Han Quanzhi, Ms. Zhang Yan 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 2020 Interim Report will be despatched to the shareholders of the Company and will be made available on the websites of the Company and the Hong Kong Stock Exchange in due course.

By order of the Board
Shanghai Electric Group Company Limited
Zheng Jianhua
Chairman

Shanghai, the PRC, 28 August 2020

As at the date of this announcement, the executive directors of the Company are Mr. ZHENG Jianhua, Mr. HUANG Ou, Mr. ZHU Zhaokai and Mr. ZHU Bin; 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. CHU Junhao, Dr. XI Juntong and Dr. XU Jianxin.

* *For identification purpose only*