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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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

PERFORMANCE HIGHLIGHTS

- ► **Revenue for 2020 was RMB137,285 million, an increase of 7.67% year-on-year**
- ► **Profit attributable to owners of the Company for 2020 was RMB3,758 million, an increase of 7.34% year-on-year**
- ► **Basic earnings per share of the Company for 2020 were RMB0.25 yuan, an increase of 8.70% year-on-year**
- ► **New orders for 2020 amounted to RMB185.55 billion, a year-on-year increase of 8.70%**
- ► **The Board proposed to declare a final dividend of RMB7.178 cents per share for 2020**

The board of directors (the "**Board**") of Shanghai Electric Group Company Limited (the "**Company**" or "**Shanghai Electric**") is pleased to announce the results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2020. The Group's results have been audited by PricewaterhouseCoopers Zhongtian LLP. The annual results of the Company for the year ended 31 December 2020 have been prepared in accordance with China Accounting Standards for Business Enterprises.

SHANGHAI ELECTRIC GROUP COMPANY LIMITED

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2020
(All amounts in RMB'000 Yuan unless otherwise stated)

ASSETS	Notes	31 December 2020 RMB'000	31 December 2019 RMB'000
Current assets			
Cash at bank and on hand		24,243,832	21,460,942
Clearing settlement funds		30,933	12,853
Placements with banks and other financial institutions		36,593,978	33,339,823
Held-for-trading financial assets		7,387,914	6,964,752
Derivative financial assets		98,146	2,381
Notes receivable		8,477,377	6,221,789
Accounts receivable	3	32,799,102	29,337,049
Receivables financing		10,912,246	5,440,954
Prepayments		18,057,070	18,764,416
Other receivables		8,936,029	4,254,254
Financial assets purchased under resale agreements		79,301	30,800
Inventories		29,986,057	27,004,499
Contract assets		29,155,884	24,984,702
Assets held for sale		350,875	9,788
Non-current assets due within one year		3,359,925	3,827,810
Other current assets		17,477,280	17,544,133
Total current assets		227,945,949	199,200,945
Non-current assets			
Loans and advances		324,992	-
Other debt investments		420,183	61,729
Long-term receivables		5,920,037	7,223,030
Long-term equity investments		13,713,733	15,118,771
Other non-current financial assets		5,557,173	5,432,302
Investment properties		900,177	1,134,391
Fixed assets		17,537,969	16,715,637
Constructions in progress		9,573,551	7,323,700
Right-of-use assets		1,118,194	952,099
Intangible assets		9,019,451	7,864,479
Research and development expenditures		83,512	170,388
Goodwill		4,667,958	3,641,102
Long-term deferred expenses		480,040	346,346
Deferred tax assets		6,568,529	5,771,190
Other non-current assets		11,571,286	9,567,480
Total non-current assets		87,456,785	81,322,644
TOTAL ASSETS		315,402,734	280,523,589

SHANGHAI ELECTRIC GROUP COMPANY LIMITED

CONSOLIDATED BALANCE SHEET (CONT'D)
AS AT 31 December 2020
(All amounts in RMB'000 Yuan unless otherwise stated)

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	31 December 2020 RMB'000	31 December 2019 RMB'000
Current liabilities			
Short-term borrowings		15,627,384	16,733,944
Held-for-trading financial liabilities		37,582	33,097
Derivative financial liabilities		19,258	6,096
Notes payable		12,083,698	8,506,993
Accounts payable	4	65,853,292	57,922,655
Advances from customers		621,736	535,048
Contract liabilities		45,362,212	38,584,900
Amounts sold under repurchase agreements		-	4,050
Deposits from customers, banks and other financial institutions		4,289,676	7,208,955
Employee benefits payable		4,565,921	3,640,260
Taxes payable		2,939,412	3,272,191
Other payables		11,263,901	8,801,884
Liabilities held for sale		8,131	-
Non-current liabilities maturing within one year		10,638,362	10,333,765
Other current liabilities		10,181,789	8,477,304
Total current liabilities		183,492,354	164,061,142
Non-current liabilities			
Long-term borrowings		15,408,452	11,268,418
Bonds payable	5	2,485,142	6,917,727
Lease liabilities		750,308	734,513
Long-term payables		1,479,522	1,716,378
Deferred income		1,774,593	1,631,710
Long-term employee benefits payable		254,562	258,445
Provisions		2,038,662	1,436,031
Deferred tax liabilities		854,267	900,890
Other non-current liabilities		15,530	9,163
Total non-current liabilities		25,061,038	24,873,275
Total liabilities		208,553,392	188,934,417
Owners' equity			
Share capital		15,181,353	15,152,463
Less: treasury stocks		(382,271)	(404,741)
Capital surplus		19,338,140	19,975,915
Other comprehensive income		(130,122)	(35,587)
Special reserve		138,313	130,235
Surplus reserve		5,906,524	5,720,695
Retained earnings		26,348,897	22,806,876
Total equity attributable to equity owners of the Company		66,400,834	63,345,856
Minority interests		40,448,508	28,243,316
Total owners' equity		106,849,342	91,589,172
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		315,402,734	280,523,589

SHANGHAI ELECTRIC GROUP COMPANY LIMITED

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 December 2020
(All amounts in RMB'000 Yuan unless otherwise stated)

	Notes	For the year ended 31 December 2020 RMB'000	2019 RMB'000 (Restated,Note 2)
Total revenue		137,285,056	127,508,964
Including: Operating revenue	7	136,540,320	126,647,718
Interest income	7	742,609	859,042
Income from handling charges and commissions	7	2,127	2,204
Total cost of sales		(133,728,239)	(121,170,788)
Including: Operating cost	7	(113,949,305)	(103,272,800)
Interest expenses	7	(77,760)	(82,932)
Handling charges and commissions expenses	7	(765)	(798)
Taxes and surcharges	8	(547,763)	(520,673)
Selling and distribution expenses		(4,325,732)	(3,543,208)
General and administrative expenses		(8,102,479)	(8,191,745)
Research and development expenditures		(4,854,084)	(4,088,473)
Financial expenses - net		(1,870,351)	(1,470,159)
Including: Interest expenses		(2,074,545)	(1,704,659)
Interest income		450,029	392,022
Add: Other income		1,119,036	1,177,948
Investment income		1,677,656	429,780
Including: Share of profit of associates and joint ventures		912,466	759,329
Losses arising from derecognition of financial assets measured at amortised cost		(36,529)	(175,428)
Exchange (losses)/gains		(1,166)	8,881
Gains on changes in fair value		15,245	24,618
Losses from asset impairment		(1,117,707)	(1,183,140)
Losses from credit impairment		(1,733,883)	(1,720,165)
Gains on disposals of assets		2,547,039	1,851,759
Operating profit		6,063,037	6,927,857
Add: Non-operating income		362,065	205,490
Less: Non-operating expenses		(78,663)	(41,576)
Total profit		6,346,439	7,091,771
Less: Income tax expenses	9	(1,080,436)	(1,279,161)
Net profit		5,266,003	5,812,610
Including: Net profit of the acquiree in a business combination under common control before the combination date		-	-

Attributable to equity owners of the Company		3,758,175	3,501,037
Minority interests		1,507,828	2,311,573

	Notes	For the year ended 31 December 2020 RMB'000	2019 RMB'000 (Restated, Note 2)
Other comprehensive income, net of tax		(157,051)	56,094
Attributable to equity owners of the Company		(94,535)	96,981
Other comprehensive income that will not be subsequently reclassified to profit or loss		(2,190)	(6,267)
Changes arising from remeasurement of net liability or net asset of defined benefit plan		(2,190)	(6,267)
Other comprehensive income that will be subsequently reclassified to profit or loss		(92,345)	103,248
Other comprehensive income that can be transferred to profit or loss under equity method		-	(30,908)
Changes in fair value of other debt investments		12,434	16,400
Changes in fair value of accounts receivable measured at fair value through other comprehensive income		(137,616)	(36,037)
Provision for credit impairment of receivables financing		385,760	6,994
Cash flow hedges, net of tax		1,095	1,436
Exchange differences on translation of foreign operations		(222,814)	130,381
Losses/gains on net foreign investment hedging		(131,204)	14,982
Attributable to minority interests		(62,516)	(40,887)
Total comprehensive income		5,108,952	5,868,704
Attributable to equity owners of the Company		3,663,640	3,598,018
Attributable to minority interests		1,445,312	2,270,686
Earnings per share			
Basic earnings per share (RMB yuan)	10	0.25	0.23
Diluted earnings per share (RMB yuan)	10	0.24	0.23

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 its overseas 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 general meeting held on 29 June 2020, respectively.

The Group reclassified losses from contract assets impairment that was previously included in losses from credit impairment to losses from asset impairment for the the year ended 31 December 2019.

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

3 Accounts receivable

	31 December 2020	31 December 2019
Accounts receivable	40,178,633	36,718,075
Less: Provision for bad debts	(7,379,531)	(7,381,026)
	32,799,102	29,337,049

The aging of accounts receivable was analysed as follows:

	31 December 2020	31 December 2019
Undue	14,579,811	12,070,858
Overdue within 1 year	13,143,190	12,597,105
Overdue 1 year but within 2 years	4,506,349	4,106,348
Overdue 2 year but within 3 years	2,445,500	2,602,716
Overdue 3 year but within 4 years	1,250,383	1,875,802
Overdue 4 year but within 5 years	1,516,724	1,907,689
Overdue over 5 years	2,736,676	1,557,557
	40,178,633	36,718,075

4 Accounts payable

	31 December 2020	31 December 2019
Accounts payable	65,853,292	57,922,655

The aging of accounts payable was analysed as follows:

	31 December 2020	31 December 2019
Within 3 months	43,152,754	35,975,627
Over 3 months but within 6 months	3,789,332	5,513,777
Over 6 months but within 1 year	5,105,499	4,925,481
Over 1 year but within 2 years	7,406,554	6,466,453
Over 2 years but within 3 years	3,161,517	1,676,034
Over 3 years	3,237,636	3,365,283
	65,853,292	57,922,655

As at 31 December 2020, accounts payable with aging over one year amounted to RMB13,805,707,000 (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	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	31 December 2020
Electric convertible bond (a)	4,437,675	-	-	66,017	48,935	-	(367,554)	(66,017)	4,119,056
Super&Short-term Commercial Paper (b)	-	1,500,000	-	5,881	-	(1,500,000)	-	(5,881)	-
Electric Eurobond (c)	4,688,134	-	125,669	21,260	1,197	(4,815,000)	-	(21,260)	-
18 Electric MTN001 (d)	2,480,052	-	-	104,034	5,090	-	-	(104,034)	2,485,142
	11,605,861	1,500,000	125,669	197,192	55,222	(6,315,000)	(367,554)	(197,192)	6,604,198
Less: Current portion of bonds payable	(4,688,134)								(4,119,056)
	6,917,727								2,485,142

(a) On 2 February 2015, the Group issued a convertible bond due in 2021 with the principal amounting to RMB6,000,000,000. 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 RMB6,000,000,000, 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 27 September 2020, the Group issued Super & Short-term Commercial Paper of RMB 1,500,000,000, with a term of 90 days at an interest rate of 2.35%. Underwriting fee was 0.1% per year. The Group repaid the principal and corresponding interests of the SCP of RMB 1,500,000,000 on 2 December 2020.

(c) On 22 May 2015, the Group's wholly-owned subsidiary, Shanghai Electric Newage Company Limited issued Eurobonds of EUR 600,000,000 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 EUR 600,000,000 on 22 May 2020.

(d) On 13 December 2018, the Group issued a middle-term note of RMB2,500,000,000 , the amount to be issued of which is 2,500,000,000, 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 14 December 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 26 March 2021, the board of directors resolved to recommend a final dividend of RMB7.178 cents per share (tax inclusive), totalling to RMB1,127,375,000 for the year ended 31 December 2020(2019:Nil).

Pursuant to the Corporate Income Tax Law and relevant regulations, a Chinese resident enterprise shall withhold income tax at 10% when dividends are distributed to overseas non-resident enterprise H-share shareholders for year 2008 and the years thereafter.

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

7 Revenue and cost of sales

	For the year ended 31 December 2020	For the year ended 31 December 2019
Revenue from main operations	134,091,581	124,127,077
Revenue from other operations	2,448,739	2,520,641
Interest income	742,609	859,042
Income from handling charges and commissions	2,127	2,204
	137,285,056	127,508,964

	For the year ended 31 December 2020	For the year ended 31 December 2019
Cost of sales from main operations	113,034,766	102,315,093
Cost of sales from other operations	914,539	957,707
Interest expenses	77,760	82,932
Handling charges and commissions expenses	765	798
	114,027,830	103,356,530

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 year ended 31 December 2020	For the year ended 31 December 2019
Sale of goods	89,989,979	86,405,618
Engineering construction	34,680,047	29,717,699
Rendering of services	9,421,555	8,003,760
	134,091,581	124,127,077

Details of revenue from other operations are as follows:

	For the year ended 31 December 2020	For the year ended 31 December 2019
Sales of raw materials	1,236,073	964,848
Leasing income	401,907	462,309
Finance lease income	507,370	726,338
Rendering of non-industrial services	127,008	157,125
Sales of energy	34,594	32,746
Others	141,787	177,275
	2,448,739	2,520,641

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

7 Revenue and cost of sales (Cont'd)

	For the year ended 31 December 2020								
	Sales of Goods			Engineering construction					
	China	Other Asian countries/ geographical areas	Other regions	China	Other Asian countries/ geographical areas	Other regions	Rendering of services	Others	Total
Revenue from main operations	81,073,822	2,799,971	6,116,186	21,956,119	11,547,298	1,176,630	9,421,555	-	134,091,581
Including: Recognised at point of time	81,073,822	2,799,971	6,116,186	-	-	-	72,345	-	90,062,324
Recognised overtime	-	-	-	21,956,119	11,547,298	1,176,630	9,349,210	-	44,029,257
Revenue from other operations	1,235,315	681	77	-	-	-	127,008	1,085,658	2,448,739
	82,309,137	2,800,652	6,116,263	21,956,119	11,547,298	1,176,630	9,548,563	1,085,658	136,540,320

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

7 Revenue and cost of sales (Cont'd)

	For the year ended 31 December 2019								
	Sales of Goods			Engineering construction					
	China	Other Asian countries/ geographical areas	Other regions	China	Other Asian countries/ geographical areas	Other regions	Rendering of services	Others	Total
Revenue from main operations	77,778,019	1,727,533	6,900,066	21,152,686	6,302,615	2,262,398	8,003,760	-	124,127,077
Including: Recognised at point of time	77,778,019	1,727,533	6,900,066	-	-	-	419,343	-	86,824,961
Recognised overtime	-	-	-	21,152,686	6,302,615	2,262,398	7,584,417	-	37,302,116
Revenue from other operations	964,114	662	72	-	-	-	157,125	1,398,668	2,520,641
	78,742,133	1,728,195	6,900,138	21,152,686	6,302,615	2,262,398	8,160,885	1,398,668	126,647,718

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

8 Taxes and surcharges

	For the year ended 31 December 2020	For the year ended 31 December 2019
City maintenance and construction tax	133,083	138,935
Real estate tax	122,124	111,224
Educational surcharge	107,548	119,132
Stamp duty	121,072	97,403
Land use tax	31,162	26,378
Others	32,774	27,601
	547,763	520,673

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

9 Income tax expenses

	For the year ended 31 December 2020	For the year ended 31 December 2019
Current tax charger for the period	2,094,594	2,058,547
Annual filing differences for the current period	(5,990)	(114,475)
Deferred tax	(1,008,168)	(664,911)
	1,080,436	1,279,161

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 year ended 31 December 2020	For the year ended 31 December 2019
Total profit	6,346,439	7,091,771
Tax at the statutory tax rate (Note 1)	1,586,610	1,772,943
Lower tax rates for specific districts or concessions	(186,102)	(239,370)
Adjustments for current income tax of prior periods	(5,990)	(114,475)
Profits and losses attributable to joint ventures and associates	(205,196)	(189,832)
Income not subject to tax	(100,780)	(81,740)
Expenses not deductible for tax	68,960	120,232
Tax incentives on eligible expenditures	(231,617)	(184,330)
Utilization of previously unrecognised tax losses and deductible temporary differences	(54,037)	(70,854)
Tax losses and deductible temporary differences for which no deferred tax assets was recognised	208,588	266,587
Income tax expenses	1,080,436	1,279,161

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 year ended 31 December 2020	For the year ended 31 December 2019
Consolidated net profit attributable to ordinary shareholders of the parent company	3,758,175	3,501,037
Weighted average number of ordinary shares outstanding (i) (Unit: 1,000 shares)	15,174,280	14,908,821
Basic earnings per share	RMB0.25 yuan	RMB0.23 yuan
Including:		
- Basic earnings per share from continuing operations (i):	RMB0.25 yuan	RMB0.23 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 year ended 31 December 2020, the convertible bonds issued and the share-based payment implemented by the Company had a dilution effect on the Group's earnings per share. The calculation is as follows:

	For the year ended 31 December 2020	For the year ended 31 December 2019
Consolidated net profit attributable to ordinary shareholders of the Company	3,758,175	3,501,037
Net interest expenses after tax due to the conversion of convertible bonds to shares (Note)	64,374	181,274
Weighted average number of ordinary shares outstanding (Unit: 1,000 shares)	15,174,280	14,908,821
Weighted average number of ordinary shares increased from convertible bonds to shares (Unit: 1,000 shares) (Note)	802,935	870,987
Weighted average number of ordinary shares increased from share-based payment to shares (Unit: 1,000 shares) (Note)	28,147	-
Weighted average number of ordinary shares outstanding after dilution	16,005,362	15,779,808
Diluted earnings per share	RMB0.24 yuan	RMB0.23 yuan
Including:		
- Diluted earnings per share from continuing operations:	RMB0.24 yuan	RMB0.23 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 and 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, 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 year ended 31 December 2020 was as follows:

	Energy equipment	Industrial equipment	Integration service	Others	Unallocated	Elimination	Total
Revenue							
Including: Revenue from external customers	49,143,016	39,684,678	48,120,618	262,685	74,059	-	137,285,056
Inter-segment revenue	6,817,044	2,492,598	4,111,142	73,567	95,341	(13,589,692)	-
	55,960,060	42,177,276	52,231,760	336,252	169,400	(13,589,692)	137,285,056
Cost of sales	46,452,388	34,988,218	45,982,774	197,572	2,119	(13,595,241)	114,027,830
Losses from credit impairment	282,774	365,130	947,020	4,224	185,874	(51,139)	1,733,883
Losses from asset impairment	524,376	527,212	48,133	17,986	-	-	1,117,707
Depreciation and amortisation	1,295,511	895,653	502,287	125,306	256,312	-	3,075,069
Financial expenses	-	-	-	-	1,870,351	-	1,870,351
Share of profit of associates and joint ventures	-	-	-	-	912,466	-	912,466
Operating profit/(loss)	1,640,163	1,427,586	4,160,621	(280,105)	(934,699)	49,471	6,063,037
Non-operating income or expenses							283,402
Total profit							6,346,439
Assets and liabilities							
Total assets	111,763,492	68,092,747	176,739,792	1,325,350	70,695,678	(113,214,325)	315,402,734
Total liabilities	75,525,459	39,935,661	126,189,619	789,829	67,147,605	(101,034,781)	208,553,392
Non-cash expenses other than depreciation and amortisation	1,729,566	188,321	1,864,328	5,861	15,303	-	3,803,379
Increase in non-current assets	2,533,930	1,785,692	4,311,921	42,250	100,113	-	8,773,906

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

11 Segment information (Cont'd)

(b) Segment information as at and for the year ended 31 December 2019 was as follows:

	Energy equipment	Industrial equipment	Integration service	Others	Unallocated	Elimination	Total
Revenue							
Including: Revenue from external customers	41,987,786	45,108,260	40,315,903	83,531	13,484	-	127,508,964
Inter-segment revenue	3,955,827	1,300,994	3,999,731	326,984	91,844	(9,675,380)	-
	45,943,613	46,409,254	44,315,634	410,515	105,328	(9,675,380)	127,508,964
Cost of sales	37,812,878	38,144,099	36,826,327	310,911	1,045	(9,738,730)	103,356,530
Losses from credit impairment	200,850	195,299	1,493,867	(1,295)	-	(161,872)	1,726,849
Losses from asset impairment	1,056,189	82,315	37,952	-	-	-	1,176,456
Depreciation and amortisation	1,068,859	800,468	590,686	48,147	274,193	-	2,782,353
Financial expenses	-	-	-	-	1,470,159	-	1,470,159
Share of profit of associates and joint ventures	-	-	-	-	759,329	-	759,329
Operating profit/(loss)	427,036	3,265,622	3,845,216	(245,076)	(643,860)	278,919	6,927,857
Non-operating income or expenses							163,914
Total profit							7,091,771
Assets and liabilities							
Total assets	88,552,096	60,645,276	149,395,732	1,330,437	62,457,726	(81,857,678)	280,523,589
Total liabilities	58,966,161	32,093,872	110,187,919	502,651	56,213,265	(69,029,451)	188,934,417
Non-cash expenses other than depreciation and amortisation	1,955,806	179,417	219,589	4,424	11,438	-	2,370,674
Increase in non-current assets	2,579,760	1,789,693	4,377,865	46,247	23,172	-	8,816,737

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

11 Segment information (Cont'd)

(c) Revenue from external customers

	For the year ended 31 December 2020	For the year ended 31 December 2019
Mainland China	115,644,213	110,280,866
Other countries and geographical areas	21,640,843	17,228,098
	137,285,056	127,508,964

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

(d) Total non-current assets

	31 December 2020	31 December 2019
Mainland China	57,194,881	51,818,826
Other countries and geographical areas	11,777,310	10,996,895
	68,972,191	62,815,721

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

MANGEMENT DISCUSSION AND ANALYSIS

OPERATION REVIEW

In 2020, as affected by the COVID-19 pandemic, the global economy suffered an accelerated recession, and the external environment became even more severe, with almost all industries and enterprises facing the coldest winter ever. Under the leadership of the CPC Central Committee, China actively exerted itself to the resumption of work and production, recovered the normal operation of society in an orderly manner, and outshined others in the global sluggish economy, achieving economic growth for the year. Throughout the year 2020, facing the challenge of the pandemic, Shanghai Electric continued to implement the "three steps forward" development strategy. While actively supporting the national strategies, it deepened the adjustment of industrial structure, vigorously developed the emerging industries, promoted the changes in growth driving forces, and strived to overcome the difficulties brought about by the pandemic, thus, making steady progress on the road to become a world-class enterprise. During the reporting period, the Company achieved the total revenue of RMB137,285 million, representing a year-on-year increase of 7.67%; and the profit attributable to owners of the Company of RMB3,758 million, representing a year-on-year increase of 7.34%. A final dividend of RMB7.178 cents per share was proposed for 2020, representing approximately 30% of the net profit attributable to owners of the Company for 2020.

In the recent three years, while realizing an annual average growth of 19.95% in total revenue, the Company also concentrated on laying a solid foundation for its long-term development, further optimizing its business structure, and invested heavily in emerging sectors such as new energy, advanced manufacturing and cloudification (industrial internet). As a representative enterprise of China manufacturing, the Company will continue to serve as the pillar of China with the new image of transformation. During the reporting period, the Company obtained new orders in the amount of RMB185.55 billion, representing a year-on-year increase of 8.7%. Among the new orders of the Company, orders for energy equipment accounted for 40.8% (of which wind power, nuclear power, energy storage and coal power accounted for 15.7 percentage points, 4.0 percentage points, 1.6 percentage points and 7.5 percentage points, respectively), industrial equipment accounted for 24.7% (of which elevators accounted for 11.9 percentage points), and integrated services accounted for 34.5% (of which energy engineering and services accounted for 25.1 percentage points) of the new orders. As at the end of the reporting period, our orders on hand amounted to RMB276.09 billion, representing an increase of 14.7% from the end of the preceding year. Among our orders on hand by the end of the reporting period, orders for energy equipment accounted for 48.2% (of which wind power, nuclear power, energy storage and coal power accounted for 12.9 percentage points, 7.9 percentage points, 0.6 percentage point and 20.3 percentage points, respectively), industrial equipment accounted for 4.4% (of which elevators accounted for 0.8 percentage point), and integrated services accounted for 47.5% (of which energy engineering and services accounted for 41.3 percentage points) of the orders on hand.

During the reporting period, the principal operation of the Company includes:

INITIAL ACHIEVEMENTS IN THE REFORM OF INSTITUTIONAL MECHANISMS

Shanghai Electric actively responded to the national call to implement the reform policy of state-owned enterprises, actively adjusted the incentive and distribution mechanism for the employees of its subsidiaries, and tried various models of performance appraisal and incentive methods, which greatly motivated the enthusiasm of the management and employees of the subsidiaries to optimize and strengthen the industry, facilitated the cultivation and incubation of new technologies and industries of the Company, and enhanced the market competitiveness of the Company. During the reporting period, we completed the mixed-ownership reform of Shanghai Renmin Electrical Apparatus Works and Shanghai Centrifuge Institute Co., Ltd., which promoted the innovation of the internal management mechanism of enterprises. Phased achievements were made in the spin-off and listing of our subsidiary, Shanghai Electric Wind Power Group Co., Ltd. ("**SEWP**") on the Science and Technology Innovation Board, which has successfully passed the listing approval of the Listing Committee of the Science and Technology Innovation Board of the Shanghai Stock Exchange.

INTEGRATED DEVELOPMENT OF PRODUCT TECHNOLOGY AND NEW GENERATION OF INFORMATION TECHNOLOGY

In active response to the changes in the energy, the Company proactively promoted energy transformation, and continued to promote comprehensive energy services of "wind, solar, hydro, thermal and storage integration" and "source, grid, load and energy storage integration", so as to drive the consumption of new energies, ensure national energy security, and achieve green and sustainable development. The smart wind farm digitalized products realized functions such as wind resource assessment, wind farm construction, equipment optimization design, smart operation and maintenance of wind farms, and post assessment of wind farms, providing users with digitized and intelligent technological solutions; and the gas turbine intelligent service products provided partial load optimization and transformation of the Jingneng Shangzhuang Thermal Power Plant (京能上莊熱電廠), and the combined cycle efficiency of the unit increased by 0.19 percentage point; and the smart operation and maintenance products of coal-fired power plant provided health and full life cycle management services for the equipment of Guohua Taicang Power Plant (國華太倉電廠). In addition, the Company and Shanghai SenseTime Smart Technology Co., Ltd. (上海商湯智能科技有限公司) jointly developed the technology and products of "Artificial Intelligence + Industry", promoting the commercialization of application scenarios; the Company successfully launched the First Industrial App Competition, and selected 80 works with technical innovation and commercial potential, providing technical reserves for the future development of the Company.

FURTHER INCREASE IN INVESTMENT IN SCIENTIFIC RESEARCH, AND INNOVATION ACHIEVEMENTS EMERGED AT A FASTER PACE

During the reporting period, taking the smart energy project in Shantou as an opportunity, the Company successfully launched the world's first wind turbine “black-start” (that is, if the wind turbine generation system is completely shut down due to failures, the wind turbine can be re-started by means of its own power generation and energy storage system, thereby restoring the normal operation of the power generation system, rather than relying on external grid power supply) with a capacity of over 5MW, forming a complete technological capability for smart energy solution; successfully developed the high-capacity and high-speed electronic-driven system, breaking the international monopoly; the Company participated in the contracting and manufacturing of reactor internals of the first global reactor of “Hualong One (華龍一號)”- the success of the first grid connection of Unit 5 of Fuqing Nuclear Power (福清核電), marking that China has broken the monopoly of foreign nuclear power technology and officially joined the ranks of advanced countries in the field of nuclear power technology.

NEW BREAKTHROUGHS MADE IN THE SMART SOLUTIONS

During the reporting period, the lithium battery smart plant of Shanghai Electric Guoxuan Nantong (電氣國軒南通) was officially put into operation; the smart energy project in Minhang Industrial Zone of the integration of "wind-solar energy storage, power charging and control" was officially put into operation; and the storage project of Qinghai Golmud Power Grid Side was formally put into operation. We successively undertook the comprehensive operation and maintenance project of Line Five of Shanghai Rail Transit, achieving the first set performance of three professional integrated maintenance of vehicles, traffic signals and power supply; undertook the mechanical and electrical integration contracting project for Makati metro in Philippines, achieving the first set performance of overseas market; undertook the “unified management through one network” smart city project in Yangpu district, Shanghai, promoting the in-depth integration of urban construction, government governance and people's livelihood services.

THE CONSTRUCTION OF INDUSTRIAL INTERNET PLATFORM ENTERING A NEW STAGE

During the reporting period, we steadily pushed forward the construction of “SEunicloud” industrial internet platform, added 26,865 new devices with the corresponding assets value of RMB24.7 billion. We developed and integrated 15 industry applications such as equipment networking, fault diagnosis, remote operation and maintenance and energy planning, with the business carrying capacity at the group level, and at the same time, preliminarily formed 8 industry solutions such as wind power smart operation and maintenance, thermal power remote operation and maintenance, machine tool operation and maintenance, energy storage battery and distributed energy. The “SEunicloud” platform won the "Zhan Lu Award (湛盧獎)" Industrial Engine Award at the 2020 World Artificial Intelligence Conference - Global Industrial Intelligence Summit, the achievement award of 2020 Industrial Internet Innovation (Implementation) (2020年工業互聯網創新（實踐）成果獎), and was selected in "Recommendation List of 2020 Shanghai Industrial Internet Platform and Professional Service Provider (《2020年度上海市工業互聯網平臺和專業服務商推薦目錄》)" by Shanghai Economic and Information Technology Commission. During the reporting period, “SEunicloud” started to empower the external enterprises, and successively entered into cooperation agreements with Bishan District Government in Chongqing and Xuchang Municipal Government in Henan for cooperating and jointly building an industrial internet-empowered center and providing digital transformation services. During the pandemic, the platform solved the procurement and supply problems for various enterprises, effectively alleviating the shortage of raw materials for enterprises. The platform has also built a brand-new system for the construction and engineering industry, providing a series of smart services such as ordering, production scheduling, monitoring and quality inspection.

E-COMMERCE FOR MANUFACTURING INDUSTRY USHERING IN A NEW MODEL

During the reporting period, the Group’s e-commerce for manufacturing industry ushered a new model. Our smart supply chain services formed one platform-level product, three system-level products and three solution-level products, including an intelligent procurement platform, sourcing and bidding management and procurement e-mall. The final bid for over 9,600 online biddings and purchases amounted to RMB6.2 billion. Over 40 suppliers settled in the procurement mall. The online sales of spare parts and long-term maintenance services for power station service e-commerce amounted to RMB145 million, representing a year-on-year increase of 116%. 60,000 industrial fasteners were purchased online by e-commerce, achieving online sales of RMB170 million.

THE INTEGRATED LAYOUT IN YANGTZE RIVER DELTA PROGRESSING IN AN ORDERLY MANNER

During the reporting period, we took the initiative to align with the national strategy of "integrated development of Yangtze River Delta," and continued to expand our presence in Yangtze River Delta on the basis of the establishment of Nantong Central Research Institute. With the four functional positioning of "corporate headquarter, R&D center, information center and service center," the Company maximises the integration of relevant internal R&D institutions. In 2020, Shanghai Electric Nantong Energy Storage Base reached target capacity and would be built as a leading enterprise in the energy storage battery field in China. Under the guidance of Shanghai Municipal Commission of Economy and Informatization, three provincial departments of industry and information technology as well as economy and information technology departments of Jiangsu, Zhejiang and Anhui, Shanghai

Electric cooperated with Shanghai Intelligent Manufacturing Industry Association (上海市智能製造產業協會) and leading intelligent manufacturing enterprises in Yangtze River Delta to jointly establish Shanghai Yangtze River Delta Intelligent Manufacturing Industry Promotion Center (Preparatory Plan) (上海長三角智能製造產業促進中心（籌）), which created new advantages of "Made in Shanghai". Our Hai'an Hazardous Waste Treatment Center (海安危廢處置中心), Nantong Base Phase I Intelligent Manufacturing Project, Taizhou Matechstone Green Assembled Building Base (泰州研砼綠色裝配式建築基地), Chaohu Energy Storage Flow Battery Incubation Project (巢湖儲能液流電池孵化項目) and Yancheng City Smart Energy Big Data Platform and other projects also intensively entered the project construction period in 2020, contributing the technology and intelligence of Shanghai Electric to the integrated development of Yangtze River Delta.

RESPONSIBILITY OF STATE-OWNED ENTERPRISES HIGHLIGHTED IN ANTI-PANDEMIC WORKS

During the reporting period, Shanghai Electric actively undertook its social responsibility for the pandemic prevention as well as work resumption. Upon the outbreak of COVID-19 pandemic, we immediately set up a pandemic prevention and control leading group to deploy pandemic prevention and control work according to different situations. The Company organized all Party members, cadres and employees to voluntarily donate RMB8.8 million in total; assisted a number of enterprises in Shanghai in resuming the use of old mask production lines, developed automatic mask production lines, and accumulatively delivered 621 mask production lines to all regions in China; donated nearly 100,000 masks and various anti-pandemic supplies to overseas partners. In addition, with the assistance and guidance of the relevant departments of the Shanghai Municipal Government, we proactively liaised with airlines to raise charter flights, and completed the round-trip chartered flights for three overseas projects, helped the construction of overseas projects affected by the pandemic and made best efforts to minimize the negative impact of the pandemic on the Company's business.

BUSINESS REVIEW OF MAJOR BUSINESS SEGMENTS

During the reporting period, the energy equipment segment achieved revenue of RMB55,960 million, representing a year-on-year increase of 21.8%, which was mainly attributable to a faster growth of wind power business; during the reporting period, the gross profit margin of the energy equipment segment reached 17%, representing a year-on-year decrease of 0.7 percentage points, primarily due to the lower gross profit margin of wind power and coal-fired power equipment resulting from the change in the sales structure of wind power products caused by fierce competition of coal-fired power equipment business.

The industrial equipment segment achieved revenue of RMB42,177 million, representing a decrease of 9.1% as compared with the same period last year, which was mainly attributable to the decreases in businesses such as the industrial basic equipment and intelligent manufacturing equipment of the segment caused by the pandemic. During the reporting period, gross profit margin of the industrial equipment segment was 17%, representing a decrease of 0.8 percentage points as compared with the last year, primarily due to the decrease in gross profit margin of fastener business overseas affected by the pandemic.

The integrated services segment achieved revenue of RMB52,232 million, representing an increase of 17.9% as compared with the same period last year, which was mainly attributable to faster growth of energy engineering and services business. The gross profit margin of the integrated services segment was 12.0%, representing a decrease of 4.9 percentage points as compared with the same period last year, primarily due to change in gross profit margin structure of energy engineering and services.

Unit: 100 million Currency: RMB

Major businesses by segment						
By segment	Revenue	Cost of sales	Gross profit margin (%)	YoY change in revenue (%)	YoY change in cost of sales (%)	YoY change in gross profit margin (%)
Energy equipment	559.60	464.52	16.99	21.80	22.85	A decrease 0.71 percentage points
Industrial equipment	421.77	349.88	17.04	-9.12	-8.27	A decrease 0.77 percentage points
Integrated services	522.32	459.83	11.96	17.86	24.87	A decrease 4.94 percentage points
Major businesses by geographic location						
Geographic location	Revenue	Cost of sales	Gross profit margin (%)	YoY change in revenue (%)	YoY change in cost of sales (%)	YoY change in gross profit margin (%)
Mainland China	1,156.44	980.42	15.22	4.86	9.15	A decrease 3.33 percentage points
Other countries/jurisdiction	216.41	159.86	26.13	25.62	18.14	An increase 4.67 percentage points

SOURCE OF FUNDING AND INDEBTEDNESS

As at 31 December 2020, the Group had an aggregate amount of bank and other borrowings and bonds of RMB41,781 million (2019: RMB43,277 million), representing a decrease of RMB1,496 million as compared with that of the beginning of the year. Borrowings and bonds repayable by the Company within one year amounted to RMB23,887 million, representing a decrease of RMB1,204 million as compared with that of the beginning of the year. Borrowings and bonds repayable after one year amounted to RMB17,894 million, representing a decrease of RMB292 million as compared with that of the beginning of the year.

As at 31 December 2020, included within the bank and other borrowings of the Group are unsecured bank borrowings of USD297,887,000 in total (2019: USD256,458,000), equivalent to RMB1,943,683,000 (2019: RMB1,789,105,000), EUR369,224,000 in total (2019: EUR128,141,000), equivalent to RMB2,963,025,000 (2019: RMB1,001,486,000), HKD548,500,000 in total (2019: HKD828,000,000), equivalent to RMB461,640,000 (2019: RMB741,706,000), and CHF206,000 in total (2019: CHF534,000), equivalent to RMB1,522,000 (2019: RMB3,847,000), secured bank borrowings of USD4,502,000 in total (2019: nil), equivalent to RMB29,375,000 (2019: nil), EUR6,224,000 in total (2019: EUR6,494,000), equivalent to RMB49,947,000 (2019: RMB50,758,000), guaranteed bank borrowings of USD177,375,000 in total (2019: USD174,375,000), equivalent to RMB1,157,354,000 (2019: RMB1,216,475,000) and EUR109,497,000 in total (2019: EUR99,093,000), equivalent to RMB878,715,000 (2018: RMB774,464,000). All other unsecured bank borrowings are denominated in Renminbi.

As at 31 December 2020, gearing ratio of the Group, which represents the ratio of the sum of interest-bearing bank borrowings and other borrowings and bonds to the sum of total equity of the shareholders plus interest-bearing bank borrowings and other borrowings and bonds, was 30.65%, representing a decrease of 5.32 percentage points as compared with 35.97% at the beginning of the year.

PLEDGE OF ASSETS

As at 31 December 2020, the Group's bank deposits to the extent of RMB1,119 million (2019: RMB1,583 million) , receivable financing of book value to the extent of RMB350 million (2019:nil) and certain properties and equipment of book value to the extent of RMB1,257 million (2019: RMB677 million) were pledged to banks to secure borrowings or credit facilities. The Group's long-term receivables to the extent of RMB2,218 million (2019: RMB1,700 million), were pledged as security for certain bank loans of the Group. There was no the Group's bills receivable (2019: RMB181 million), inventory (2019: RMB400 million) or investment properties (2019: RMB182 million) pledged to banks to secure borrowings or credit facilities.

USE OF PROCEEDS FROM FINANCING ACTIVITIES AND CAPITAL UTILIZATION PLAN

Under the complicating economic conditions in the macro environment, we adhered to the scientific and cautious investment philosophy and maintained an appropriate investment scale. In March 2013, the Company completed the issue of corporate bonds of RMB2 billion by public offering, which had been repaid in full by the Company in February 2016 and February 2018. The use of the proceeds and utilization plan, etc. are in line with the offering document.

In February 2015, the Company completed the issue of A Share convertible corporate bonds amounting to RMB6 billion, and the net proceeds were used for the Iraq Wassit II Thermal Power Plant EPC project, India SASAN Thermal Power Plant BTG project and Vietnam Vinh Tan II Coal-fired Power Plant EPC project, as the capital contribution to Shanghai Electric Leasing Co., Ltd. and for replenishing the working capital of the Company. Actual use of the proceeds is in line with the above disclosure.

On 22 May 2015, Shanghai Electric Newage Company Limited, a wholly-owned subsidiary of the Company, issued offshore bonds in the aggregate amount of EUR600 million, with such Eurobonds listed and traded on the Irish Stock Exchange from 25 May 2015 onwards. The Eurobonds are guaranteed by the Group and have a term of 5 years with annual interest rate of 1.125%. The proceeds from the bonds were mainly used for repayment of the bridge loan obtained in connection with the acquisition of 40% equity interest in Ansaldo Energia S.p.A. and related interests and fees. Actual use of the proceeds is in line with the above disclosure.

On 7 November 2017, the Company completed the issue of A shares with an aggregate amount of RMB3 billion to eight specific investors (including Shanghai Electric (Group) Corporation, the controlling shareholder of the Company) by way of non-public issuance. Proceeds from the non-public issuance were originally intended to be used to finance the projects including the Emerging Industrial Park Development Project at Gonghe New Road, the Innovative Industry Park Reformation Project at Beinei Road, the Technology Innovative Park Reformation Project at Jinshajiang Branch Road, and the Industrial Research, Development and Design and High-end Equipment Manufacturing Base Project at Jungong Road. According to the requirements such as adjustments by government authorities to the planning of the relevant areas where the proceeds-funded projects are located, in light of the Company's business development and the change in market conditions and on the principles of satisfying the requirements for use of raised proceeds and reducing the risks associated with the implementation of proceeds-funded projects, as considered and approved at the second meeting of the fifth session of the

Board and approved at the 2018 third extraordinary general meeting of the Company, the proceeds would not be used to finance the Emerging Industrial Park Development Project at Gonghe New Road, the Technology Innovative Park Reformation Project at Jinshajiang Branch Road and the Industrial Research, Development and Design and High-end Equipment Manufacturing Base Project at Jungong Road. As considered and approved at the fourth meeting of the fifth session of the Board, the Company intends to apply part of the proceeds towards the successfully completed acquisitions of the 100% equity interests in Wujiang Taihu Industrial Wastes Treatment Company Limited (吳江市太湖工業廢棄物處理有限公司) and the 100% equity interests in Ningbo Hi-Firm Environmental Protection Company Limited (寧波海鋒環保有限公司). The Company has proceeded with the aforesaid acquisitions with its self-owned funds, and upon consideration and approval of the resolutions in relation to the proposed change in use of proceeds at the general meeting of the Company, it will use such proceeds to supplement the self-owned funds early invested. After consideration and approval of the 20th session of the 5th board of directors of the Company and the approval of the second extraordinary general meeting in 2019, the Company adjusted the amount of raised funds used in the reconstruction project of Beinei Road Creative Industry Park and used part of the raised funds in the project of Shanghai Electric Nantong Central Research Institute, and the remaining raised funds were used in permanent replenishment of working capital.

FUTURE DEVELOPMENT AND OUTLOOK OF THE COMPANY

Looking forward, we will adhere to the strategy orientation, problem orientation and result orientation, implement the "three steps forward" development philosophy of the Group, and maintain a high degree of organic unity among national, corporate, staff and investor interests. The Company will strive for development by taking it as an important embodiment of its core values to strive for glory for the country, to build a career for the nation, to seek prosperity for the people and to create value for the society. We will exert ourselves to build Shanghai Electric into an international, market-oriented and modernised enterprise group as well as a new aircraft carrier with high-end equipment. We will celebrate the 100th anniversary of the founding of the Communist Party of China with better performance.

SIGNIFICANT EVENTS

Spin-off and Listing of Shanghai Electric Wind Power Group Co., Ltd. on the Science and Technology Innovation Board of Shanghai Stock Exchange

On 6 January 2020 and 15 April 2020, the Board of the Company considered and approved the relevant resolutions that Shanghai Electric Wind Power Group Co., Ltd. proposed to conduct the initial public offering of its Renminbi, ordinary shares and seek for listing on the Science and Technology Innovation Board of Shanghai Stock Exchange upon completion of the share issuance (the "Spin-off"). On 7 May 2020, the relevant resolutions of the Spin-off were considered and approved at the 2020 first extraordinary general meeting of the Company.

During the Reporting Period, the Company has applied for, and The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") has agreed, that the Company may proceed with the proposed Spin-off under Practice Note 15 of the Listing Rules. The Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement of paragraph 3(f) of Practice Note 15 of the Listing Rules. The Company will not provide any guarantee for allotment of SEWP shares to its shareholders.

According to the "Announcement on the results of the 105th Review Meeting of the Listing Committee of the Science and Technology Innovation Board in 2020" issued by the SSE on 19 November 2020, the SSE approves the issuance and listing of the shares of Shanghai Electric Wind Power Group Co., Ltd. (initial public offering).

RECENT DEVELOPMENT

A share convertible corporate bonds (the "**Electric Convertible Bonds**") issued by the Company was due on 1 February 2021, RMB4,657,847,000 in aggregate of such bonds have been converted into shares of the Company with an accumulated conversion of 903,762,291 shares. The principal amount of the redemption for the matured Electric Convertible Bonds was RMB1,342,153,000 and the total amount of the redemption for the matured bonds was RMB1,430,735,098.00 (tax inclusive), the payment of which has been completed on 2 February 2021.

On 22 January 2019, the Board considered and approved the resolution in relation to the proposed adoption of Restricted A Share Incentive Scheme. The scheme shall become effective upon consideration and approval in an extraordinary general meeting and share class meetings of the Company to be held on 6 May 2019.

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 (if any) 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 has complied with the requirements of the code contained 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, the Chairman of the Board and the Chief Executive Officer of the Company, has been responsible for the overall strategy setting for the Company; and Mr. Huang Ou, an executive Director and the President of the Company, has been 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.

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 throughout the year 2020. The Company was not aware of any non-compliance with the Model Code by any of its employees.

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.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the reporting period, the Company repurchased and cancelled a total of 7,416,000 restricted shares granted to 95 participants failing to qualify for the Restricted A Share Incentive Scheme but had not yet been unlocked, and completed the cancellation procedures of the above-mentioned shares on 18 September 2020.

The Resolution on the Proposal of the General Meeting for Authorizing the Board to Repurchase the H Shares not Exceeding 10% of the Total Share Capital of the Company (《關於提請股東大會授權董事會回購公司不超過全部總股本10%的H股股份的議案》) was considered and approved at the 2019 annual general meeting and the first A shareholders' class meeting of 2020 and the first H shareholders' class meeting of 2020 convened on 29 June 2020. The general meeting of the Company, the A shareholders' class meeting and H shareholders' class meeting approved the granting of a general mandate to the Board of the Company to repurchase the issued H shares of the Company up to 10% of the total issued H shares of the Company as at the date of approval of the general meeting, the A shareholders' class meeting and H shareholders' class meeting. During the period from 10 September 2020 to 30 October 2020, the Board exercised the Repurchase Mandate to repurchase a total of 48,430,000 H shares with the total consideration of HKD109,717,920, representing approximately 1.63% and 0.32% of the total number of H shares and the total number of issued shares of the Company as at the date of the Repurchase Mandate respectively. Following the aforementioned repurchase of H shares and in compliance with the Hong Kong Listing Rules, the Company has cancelled 48,430,000 repurchased H shares on 24 December 2020 and the registered capital of the Company will be reduced by RMB48,430,000.

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

The annual results for the year ended 31 December 2018 have been reviewed by the Audit Committee of the Company.

FINAL DIVIDEND

The Board of the Company proposed to declare a final dividend of RMB7.178 cents (tax inclusive) per share for the year 2018, which is subject to approval at the forthcoming annual general meeting of the Company.

FINAL DIVIDEND INCOME TAX WITHHOLDING AND PAYMENT

According to the implementation rules which came into effect on 1 January 2008, the Company is required to withhold corporate income tax at the rate of 10% before distributing the final dividend for the year 2020 to non-resident enterprise shareholders as appearing on the H Share register of members of the Company. Any shares registered in the name of non-individual shareholders including HKSCC Nominees Limited, other nominees, trustees or other groups and organizations will be treated as being held by non-resident enterprise shareholders and therefore will be subject to the withholding of the corporate income tax.

CLOSURE OF REGISTER OF MEMBERS

The Company will notify its shareholders on a later date about the date of the annual general meeting for the year 2020 as well as the corresponding period for closure of register of members for the distribution of final dividend.

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 Stock Exchange's website (http://www.hkexnews.hk). The 2020 Annual Report will be despatched to the shareholders of the Company and will be made available on the websites of the Company and the Stock Exchange in due course.

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

Shanghai, the PRC, 26 March 2021

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. XI Juntong, Dr. XU Jianxin and Dr. LIU Yunhong.

** For identification purpose only*