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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)**

# 2021 INTERIM RESULTS

## PERFORMANCE HIGHLIGHTS

- **Revenue of the Company for first half of 2021 reached RMB62,528 million, an increase of 17.45% over the corresponding period of last year**
- **Loss attributable to owners of the Company for first half of 2021 was RMB4,971 million, profit attributable to owners of the Company for the corresponding period of last year was RMB1,522 million**
- **Basic loss per share of the Company for first half of 2021 was RMB0.32 yuan, basic earnings per share of the Company for the corresponding period of last year was RMB0.10 yuan**
- **New orders for first half of 2021 amounted to RMB73.38 billion, a year-on-year decrease of 27.7%**
- **The Board did not recommend the payment of an interim dividend in respect of the Reporting Period**

The board of directors (the "**Board**") of Shanghai Electric Group Company Limited (the "**Company**") hereby announces the interim results of the Company and its subsidiaries (the "**Group**" or "**Shanghai Electric**") for the six months ended 30 June 2021. 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 2021 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 2021**
(All amounts in RMB'000 Yuan unless otherwise stated)

| | Notes | Unaudited 30 June 2021 RMB'000 | Audited 31 December 2020 RMB'000 |
|---|---|---|---|
| **Current assets** | | | |
| Cash at bank and on hand | | 28,890,802 | 24,243,832 |
| Clearing settlement funds | | 19,881 | 30,933 |
| Placements with banks and other financial institutions | | 18,093,525 | 36,593,978 |
| Held-for-trading financial assets | | 7,346,005 | 7,387,914 |
| Derivative financial assets | | 95,651 | 98,146 |
| Notes receivable | | 9,429,957 | 8,477,377 |
| Accounts receivable | 3 | 37,448,100 | 32,799,102 |
| Receivables financing | | 7,215,987 | 10,912,246 |
| Prepayments | | 19,120,210 | 18,057,070 |
| Other receivables | | 9,951,416 | 8,936,029 |
| Financial assets purchased under resale agreements | | 1,803,977 | 79,301 |
| Inventories | | 34,344,016 | 29,986,057 |
| Contract assets | | 32,165,417 | 29,155,884 |
| Assets held for sale | | 171,268 | 350,875 |
| Non-current assets due within one year | | 3,497,452 | 3,359,925 |
| Other current assets | | 12,080,395 | 17,477,280 |
| **Total current assets** | | 221,674,059 | 227,945,949 |
| | | | |
| **Non-current assets** | | | |
| Loans and advances | | 732,060 | 324,992 |
| Debt investments | | 450,000 | - |
| Other debt investments | | 302,634 | 420,183 |
| Long-term receivables | | 5,192,397 | 5,920,037 |
| Long-term equity investments | | 14,070,017 | 13,713,733 |
| Other non-current financial assets | | 6,618,317 | 5,557,173 |
| Investment properties | | 857,779 | 900,177 |
| Fixed assets | | 18,623,623 | 17,537,969 |
| Constructions in progress | | 9,672,525 | 9,573,551 |
| Right-of-use assets | | 1,120,744 | 1,118,194 |
| Intangible assets | | 8,718,161 | 9,019,451 |
| Research and development expenditures | | 78,744 | 83,512 |
| Goodwill | | 4,643,918 | 4,667,958 |
| Long-term deferred expenses | | 537,216 | 480,040 |
| Deferred tax assets | | 7,371,626 | 6,568,529 |
| Other non-current assets | | 11,145,261 | 11,571,286 |
| **Total non-current assets** | | 90,135,022 | 87,456,785 |
| | | | |
| **TOTAL ASSETS** | | 311,809,081 | 315,402,734 |

## CONSOLIDATED BALANCE SHEET (UNAUDITED) (CONT'D)
## AS AT 30 JUNE 2021
(All amounts in RMB'000 Yuan unless otherwise stated)

| | Notes | Unaudited 30 June 2021 RMB'000 | Audited 31 December 2020 RMB'000 |
|---|---|---|---|
| **Current liabilities** | | | |
| Short-term borrowings | | 11,097,419 | 15,627,384 |
| Held-for-trading financial liabilities | | 29,893 | 37,582 |
| Derivative financial liabilities | | 4,672 | 19,258 |
| Notes payable | | 14,204,831 | 12,083,698 |
| Accounts payable | 4 | 67,451,595 | 65,853,292 |
| Advances from customers | | 581,967 | 621,736 |
| Contract liabilities | | 43,224,876 | 45,362,212 |
| Deposits from customers, banks and other financial institutions | | 5,940,341 | 4,289,676 |
| Employee benefits payable | | 3,358,249 | 4,565,921 |
| Taxes payable | | 2,641,780 | 2,939,412 |
| Other payables | | 10,584,228 | 11,263,901 |
| Liabilities held for sale | | - | 8,131 |
| Non-current liabilities maturing within one year | | 5,327,946 | 10,638,362 |
| Other current liabilities | | 9,881,794 | 10,181,789 |
| **Total current liabilities** | | 174,329,591 | 183,492,354 |
| | | | |
| **Non-current liabilities** | | | |
| Long-term borrowings | | 23,300,470 | 15,408,452 |
| Bonds payable | 5 | 2,486,802 | 2,485,142 |
| Lease liabilities | | 813,082 | 750,308 |
| Long-term payables | | 1,306,579 | 1,479,522 |
| Deferred income | | 1,676,598 | 1,774,593 |
| Long-term employee benefits payable | | 237,947 | 254,562 |
| Provisions | | 2,528,535 | 2,038,662 |
| Deferred tax liabilities | | 817,686 | 854,267 |
| Other non-current liabilities | | 15,760 | 15,530 |
| **Total non-current liabilities** | | 33,183,459 | 25,061,038 |
| | | | |
| **Total liabilities** | | 207,513,050 | 208,553,392 |
| | | | |
| **Owners' equity** | | | |
| Share capital | | 15,705,971 | 15,181,353 |
| Capital surplus | | 22,138,701 | 19,338,140 |
| Less: treasury stocks | | (382,271) | (382,271) |
| Other comprehensive income | | (176,028) | (130,122) |
| Special reserve | | 152,269 | 138,313 |
| Surplus reserve | | 5,906,524 | 5,906,524 |
| Retained earnings | 6 | 20,249,185 | 26,348,897 |
| **Total equity attributable to equity owners of the Company** | | 63,594,351 | 66,400,834 |
| **Minority interests** | | 40,701,680 | 40,448,508 |
| **Total owners' equity** | | 104,296,031 | 106,849,342 |
| | | | |
| **Total liabilities and owners' equity** | | 311,809,081 | 315,402,734 |

SHANGHAI ELECTRIC GROUP COMPANY LIMITED

## CONSOLIDATED INCOME STATEMENT (UNAUDITED)
## FOR THE SIX MONTHS ENDED 30 JUNE 2021

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

| | Notes | Unaudited<br>For the six months ended 30 June<br>2021<br>RMB'000 | <br><br>2020<br>RMB'000 |
|---|---|---|---|
| **Total revenue** | | 62,527,712 | 53,236,808 |
| Including: Operating revenue | 7 | 62,208,889 | 52,818,950 |
| Interest income | 7 | 317,821 | 416,321 |
| Income from handling charges and commissions | 7 | 1,002 | 1,537 |
| **Total cost of sales** | | (60,587,356) | (50,121,796) |
| Including: Operating cost | 7 | (51,928,897) | (42,689,517) |
| Interest expenses | 7 | (44,734) | (41,634) |
| Handling charges and commissions expenses | 7 | (490) | (4,399) |
| Taxes and surcharges | 8 | (243,375) | (248,198) |
| Selling and distribution expenses | | (2,397,265) | (1,681,489) |
| General and administrative expenses | | (3,276,208) | (3,052,475) |
| Research and development expenditures | | (2,144,225) | (1,692,844) |
| Financial expenses - net | | (552,162) | (711,240) |
| Including: Interest expenses | | (630,639) | (918,766) |
| Interest income | | 255,543 | 214,775 |
| Add: Other income | | 358,436 | 387,107 |
| Investment income | | 1,303,752 | 631,506 |
| Including: Share of profit of associates and joint ventures | | 731,766 | 409,531 |
| Income arising from derecognition of financial assets measured at amortised cost | | - | (1,027) |
| Exchange gain | | 975 | 5,052 |
| Gains on changes in fair value | | 676,492 | 2,303 |
| Loss from credit impairment | | (6,561,384) | (981,530) |
| Loss from asset impairment | | (2,516,519) | (144,018) |
| Gains on disposals of assets | | 145,624 | 6,744 |
| **Operating (loss)/profit** | | (4,652,268) | 3,022,176 |
| Add: Non-operating income | | 148,294 | 89,977 |
| Less: Non-operating expenses | | (21,471) | (25,418) |
| **Total (loss)/profit** | | (4,525,445) | 3,086,735 |
| Less: Income tax expenses | 9 | (412,695) | (588,342) |
| **Net (loss)/profit** | | (4,938,140) | 2,498,393 |
| Including: Net profit of the acquiree in a business combination under common control before the combination date | | - | - |
| Attributable to equity owners of the Company | | (4,970,832) | 1,522,052 |
| Minority interests | | 32,692 | 976,341 |

**SHANGHAI ELECTRIC GROUP COMPANY LIMITED**

**CONSOLIDATED INCOME STATEMENT (UNAUDITED) (CONT'D)**
**FOR THE SIX MONTHS ENDED 30 JUNE 2021**
(All amounts in RMB'000 Yuan unless otherwise stated)

| | Notes | Unaudited<br>For the six months ended 30 June<br>2021<br>RMB'000 | <br><br>2020<br>RMB'000 |
|---|---|---|---|
| **Other comprehensive income, net of tax** | | 14,412 | (96,752) |
| Attributable to equity owners of the Company | | (45,906) | (53,792) |
| Other comprehensive income that will not be subsequently reclassified to profit or loss | | (1,901) | 1,218 |
| Changes arising from remeasurement of net liability or net asset of defined benefit plan | | (1,901) | 1,218 |
| Other comprehensive income that will be subsequently reclassified to profit or loss | | (44,005) | (55,010) |
| Changes in fair value of other debt investments | | (63,103) | 941 |
| Changes in fair value of receivables financing | | 51,396 | (24,783) |
| Provision for credit impairment of receivables financing | | 26,020 | 11,184 |
| Cash flow hedges, net of tax | | (6) | (1,059) |
| Exchange differences on translation of foreign operations | | (58,312) | (41,293) |
| Attributable to minority interests | | 60,318 | (42,960) |
| **Total comprehensive income** | | (4,923,728) | 2,401,641 |
| Attributable to equity owners of the Company | | (5,016,738) | 1,468,260 |
| Attributable to minority interests | | 93,010 | 933,381 |
| **Earnings per share** | | | |
| Basic earnings per share (RMB yuan) | 10 | (0.32) | 0.10 |
| Diluted earnings per share (RMB yuan) | 10 | (0.32) | 0.10 |

## 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, 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; 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.

The Group reclassified loss from contract assets impairment that was previously included in loss from credit impairment to loss from asset impairment for the six-month period ended 30 June 2020.

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

## 3 Accounts receivable

| | 30 June 2021 (Unaudited) | 31 December 2020 (Audited) |
|---|---|---|
| Accounts receivable | 50,824,824 | 40,178,633 |
| Less: Provision for bad debts | (13,376,724) | (7,379,531) |
| | 37,448,100 | 32,799,102 |

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

| | 30 June 2021 (Unaudited) | 31 December 2020 (Audited) |
|---|---|---|
| Not overdue | 15,859,019 | 14,579,811 |
| Overdue within 1 year | 16,046,400 | 13,143,190 |
| Overdue 1 to 2 years | 8,807,876 | 4,506,349 |
| Overdue 2 to 3 years | 4,252,507 | 2,445,500 |
| Overdue 3 to 4 years | 1,551,108 | 1,250,383 |
| Overdue 4 to 5 years | 1,431,444 | 1,516,724 |
| Overdue over 5 years | 2,876,470 | 2,736,676 |
| | 50,824,824 | 40,178,633 |

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

| | 30 June 2021 (Unaudited) | 31 December 2020 (Audited) |
|---|---|---|
| Within 1 year | 29,798,688 | 25,533,607 |
| 1 to 2 years | 9,847,126 | 5,889,994 |
| 2 to 3 years | 4,798,111 | 2,809,059 |
| 3 to 4 years | 1,880,180 | 1,594,829 |
| 4 to 5 years | 1,529,849 | 1,531,260 |
| over 5 years | 2,970,870 | 2,819,884 |
| | 50,824,824 | 40,178,633 |

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

## 4 Accounts payable

| | 30 June 2021 (Unaudited) | 31 December 2020 (Audited) |
|---|---|---|
| Accounts payable | 67,451,595 | 65,853,292 |

The aging of accounts payable was analysed as follows:

| | 30 June 2021 (Unaudited) | 31 December 2020 (Audited) |
|---|---|---|
| Within 1 year | 58,693,299 | 52,047,585 |
| Over 1 year | 8,758,296 | 13,805,707 |
| | 67,451,595 | 65,853,292 |

As at 30 June 2021, accounts payable with aging over one year amounted to RMB8,758,296,000 (31 December 2020: RMB13,805,707,000), 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 2020 (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 2021 (Unaudited) |
|---|---|---|---|---|---|---|---|---|---|
| Electric convertible bond (a) | 4,119,056 | - | - | 4,973 | (85,612) | (1,342,153) | (2,691,291) | (4,973) | - |
| Medium-term notes (b) | 2,485,142 | - | - | 51,449 | 1,660 | - | - | (51,449) | 2,486,802 |
| Super&Short-term commercial paper(c) | - | 1,500,000 | - | 6,016 | - | (1,506,016) | - | - | - |
| | 6,604,198 | | | | | | | | 2,486,802 |
| Less: Current portion of bonds payable | (4,119,056) | | | | | | | | - |
| | 2,485,142 | | | | | | | | 2,486,802 |

(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 has been repaid in February 2021.

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.

By the end of the conversion period on 2 February 2021, the principal has been fully redeemed.

(b) The Group issued the first phase of 2018 medium-term notes of Shanghai Electric Group Co., Ltd. on 13 December 2018, with a maturity of 5 years. The value date is 17 December 2018, and the redemption date is 17 December 2023. The total issuance is RMB2.5 billion, and the actual total issuance is RMB 2.5 billion; the issuance interest rate is 4.15% (the Shanghai Interbank Offered Rate for the three months on 14 December 2018 rose by 1%), and the issuance is based on the par value.

(c) The Group issued the first phase of 2021 ultra-short-term notes of Shanghai Electric Group Co., Ltd. on 7 April 2021, with a maturity of 61 days. The value date is 8 April 2021, and the redemption date is 8 June 2021. The actual total issuance is consistent with the planned, which is RMB1.5billion, with the interest rate of 2.40%. By 8 June 2021, the Company has fully repaid the notes.

## 6 Dividends

On 28 June 2021, the Company's 2020 annual general meeting of shareholders reviewed and approved the 2020 profit distribution plan: based on the Company's total capital of 15,705,971 thousand shares on 31 December 2020, a cash dividend of RMB 0.7178 (tax included) per 10 shares will be distributed to all shareholders, which amounts to RMB1,127,375,000.

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

## 7 Operating revenue and operating cost

| | For the six months ended 30 June 2021 (Unaudited) | For the six months ended 30 June 2020 (Unaudited) |
|---|---|---|
| Revenue from main operations | 60,804,425 | 51,457,818 |
| Revenue from other operations | 1,404,464 | 1,361,132 |
| Interest income | 317,821 | 416,321 |
| Income from handling charges and commissions | 1,002 | 1,537 |
| | 62,527,712 | 53,236,808 |

| | For the six months ended 30 June 2021 (Unaudited) | For the six months ended 30 June 2020 (Unaudited) |
|---|---|---|
| Cost of sales from main operations | 51,056,995 | 41,872,938 |
| Cost of sales from other operations | 871,902 | 816,579 |
| Interest expenses | 44,734 | 41,634 |
| Handling charges and commissions expenses | 490 | 4,399 |
| | 51,974,121 | 42,735,550 |

(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 2021 (Unaudited) | For the six months ended 30 June 2020 (Unaudited) |
|---|---|---|
| Sale of goods | 44,201,999 | 36,901,844 |
| Engineering construction | 11,784,215 | 10,319,375 |
| Rendering of services | 4,818,211 | 4,236,599 |
| | 60,804,425 | 51,457,818 |

Details of revenue from other operations are as follows:

| | For the six months ended 30 June 2021 (Unaudited) | For the six months ended 30 June 2020 (Unaudited) |
|---|---|---|
| Sales of raw materials | 527,329 | 292,822 |
| Leasing income | 366,827 | 267,946 |
| Finance lease income | 158,655 | 253,818 |
| Rendering of non-industrial services | 73,300 | 70,329 |
| Sales of energy | 14,410 | 2,836 |
| Others | 263,943 | 473,381 |
| | 1,404,464 | 1,361,132 |

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

## 7 Operating revenue and operating cost (Cont'd)

For the six months ended 30 June 2021(Unaudited)

| | Sales of Goods | | | Engineering construction | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | China | Other Asian countries/geographical areas | Other regions | China | Other Asian countries/ geographical areas | Other regions | Rendering of services | Others | Total |
| Revenue from main operations | 40,076,376 | 729,245 | 3,396,378 | 4,668,486 | 6,779,640 | 336,089 | 4,818,211 | - | 60,804,425 |
| Including: Recognised at a point in time | 40,076,376 | 729,245 | 3,396,378 | - | - | - | 43,401 | - | 44,245,400 |
| Recognised over time | - | - | - | 4,668,486 | 6,779,640 | 336,089 | 4,774,810 | - | 16,559,025 |
| Revenue from other operations | 498,876 | 10,019 | 18,434 | - | - | - | 73,300 | 803,835 | 1,404,464 |
| | 40,575,252 | 739,264 | 3,414,812 | 4,668,486 | 6,779,640 | 336,089 | 4,891,511 | 803,835 | 62,208,889 |

For the six months ended 30 June 2020(Unaudited)

| | Sales of Goods | | | Engineering construction | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | China | Other Asian countries/geographical areas | Other regions | China | Other Asian countries/ geographical areas | Other regions | Rendering of services | Others | Total |
| Revenue from main operations | 32,743,836 | 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 2021** (Unaudited) | **For the six months ended 30 June 2020** (Unaudited) |
|---|---|---|
| Stamp duty | 64,003 | 50,983 |
| City maintenance and construction tax | 53,740 | 61,778 |
| Real estate tax | 54,248 | 50,036 |
| Educational surcharge | 42,962 | 47,889 |
| Others | 28,422 | 37,512 |
| | 243,375 | 248,198 |

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

## 9 Income tax expenses

| | For the six months ended 30 June 2021 (Unaudited) | For the six months ended 30 June 2020 (Unaudited) |
|---|---|---|
| Current tax charge for the period | 1,270,700 | 1,016,319 |
| Annual filing differences for the current period | (12,552) | 97,342 |
| Deferred tax | (845,453) | (525,319) |
| | 412,695 | 588,342 |

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

| | For the six months ended 30 June 2021 (Unaudited) | For the six months ended 30 June 2020 (Unaudited) |
|---|---|---|
| Total (loss)/profit | (4,525,445) | 3,086,735 |
| Tax at the statutory tax rate (Note 1) | (1,131,361) | 771,684 |
| Lower tax rates for specific districts or concessions | (85,251) | (114,693) |
| Adjustments for current income tax of prior periods | (12,552) | 97,342 |
| Profits and loss attributable to joint ventures and associates | (156,504) | (100,833) |
| Income not subject to tax | (25,204) | (41,285) |
| Expenses not deductible for tax | 43,128 | 61,317 |
| Tax incentives on eligible expenditures | (57,747) | (76,655) |
| Utilization of previously unrecognised tax loss and deductible temporary differences | - | (11,873) |
| Tax loss and deductible temporary differences for which no deferred tax assets was recognised | 1,838,186 | 3,338 |
| Income tax expenses | 412,695 | 588,342 |

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 2021 (Unaudited) | For the six months ended 30 June 2020 (Unaudited) |
|---|---|---|
| Consolidated net (loss)/profit attributable to ordinary shareholders of the parent company | (4,970,832) | 1,522,052 |
| Weighted average number of ordinary shares outstanding (i) (Unit: 1,000 shares) | 15,662,253 | 15,152,468 |
| Basic earnings per share | RMB(0.32) yuan | RMB0.10 yuan |
| Including: | | |
| - Basic earnings per share from continuing operations (i): | RMB(0.32) yuan | RMB0.10 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 2021. The calculation is as follows:

| | For the six months ended 30 June 2021 (Unaudited) | For the six months ended 30 June 2020 (Unaudited) |
|---|---|---|
| Consolidated net (loss)/profit attributable to ordinary shareholders of the Company | (4,970,832) | 1,522,052 |
| Net interest expenses after tax due to the conversion of convertible bonds to shares (Note) | - | 34,508 |
| Weighted average number of ordinary shares outstanding (Unit: 1,000 shares) | 15,662,253 | 15,152,468 |
| Weighted average number of ordinary shares increased from share-based payment to shares (Unit: 1,000 shares) (Note) | - | 870,978 |
| Weighted average number of ordinary shares outstanding after dilution | 15,662,253 | 16,023,446 |
| Diluted earnings per share | RMB(0.32) yuan | RMB0.10yuan |
| Including: | | |
| - Diluted earnings per share from continuing operations: | RMB(0.32) yuan | RMB0.10 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.

## 11 Segment information

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

Information of each operating segment is summarised as follows:

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

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

(c) the integrated services segment: energy, environmental protection and automation engineering and services, covering traditional and new energy, comprehensive use of solid wastes, sewage treatment, flue gas treatment, rail transit and etc.; industrial internet services; financial services, covering financing leases and insurance brokerage; 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 2021 was as follows(Unaudited):

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

(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 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 |
| Loss from credit impairment | 402,046 | 151,792 | 632,693 | (51) | - | (198,878) | 987,602 |
| Loss 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)

(c) Revenue from external customers

| | For the six months ended 30 June 2021 (Unaudited) | For the six months ended 30 June 2020 (Unaudited) |
|---|---|---|
| Mainland China | 50,893,198 | 43,940,379 |
| Other countries and geographical areas | 11,634,514 | 9,296,429 |
| | 62,527,712 | 53,236,808 |

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

(d) Total non-current assets

| | 30 June 2021 (Unaudited) | 31 December 2020 (Audited) |
|---|---|---|
| Mainland China | 61,443,514 | 57,194,881 |
| Other countries and geographical areas | 8,024,474 | 11,777,310 |
| | 69,467,988 | 68,972,191 |

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

Since the beginning of this year, China has coordinated the overall domestic and international situation, pandemic prevention and control, as well as economic and social development, and effectively implemented macroeconomic policies, thus the economy has continued to recover steadily with improvement, scientific and technological independence and self-reliance have been actively promoted, reform and opening up have been strengthened, people's livelihood has been effectively guaranteed, and new achievements have been made under high-quality development. However, the current pandemic is still evolving globally, the external environment is becoming more complex and severe, thus the domestic economic recovery is still facing instability and imbalance. During the Reporting Period, Shanghai Electric maintained strategic determination and firm confidence in development. Focusing on our core business, we further promoted digital transformation, deepened reform and innovation, and properly responded to risk events while maintaining the overall operating conditions of the Company in a stable and orderly manner.

### Results Review

From 1 January 2021 to 30 June 2021 (the "Reporting Period"), the Company achieved total revenue of RMB62,528 million, representing a year-on-year increase of 17.45%; the net loss attributable to owners of the Company amounted to RMB4,971 million, while the net profit attributable to owners of the Company for the corresponding period of last year was RMB1,522 million, which was mainly a result from the large impairment loss of RMB7,367 million on accounts receivable and inventories of Shanghai Electric Communication Technology Co., Ltd.("SECT"), a subsidiary of the Company, during the Reporting Period.

During the Reporting Period, the Company obtained new orders in the amount of RMB73.38 billion, representing a year-on-year decrease of 27.7%. In particular, new orders for energy equipment, industrial equipment and integrated services accounted for 43.1%, 31.6% and 25.2% of the total new orders, respectively. As at the end of the Reporting Period, our orders on hand amounted to RMB275.16 billion (with orders in the aggregate amount of RMB68.64 billion not yet coming into effect), representing a decrease of 0.3% from the end of the preceding year. Within the order backlog as at the end of the Reporting Period, orders for energy equipment, industrial equipment and integrated services accounted for 47.5%, 5.6% and 46.9% of the total orders on hand, respectively.

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

### Energy Equipment

In the first half of 2021, the energy equipment segment achieved revenue of RMB28,742 million, representing an increase of 49.0% as compared with the same period last year, mainly attributable to faster growth of wind power equipment business. During the Reporting Period, gross profit margin of the energy equipment segment reached 18.3%, representing a slight increase as compared with the same period last year. 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, as the "national name card" of China's nuclear power to the world, "Hualong One"'s Fuqing Nuclear Power (福清核電) Unit 5, the world's first reactor co-developed by Shanghai Electric, was officially put into commercial operation, symbolizing that China has become one of the few countries in the world with independent third-generation nuclear power technology. We have completed 2 material localization, 5 welding technologies, 4 testing technologies and 7 process technology innovations, and achieved full localization of the manufacturing, processing, assembly and testing of the reactor vessel internals in Fuqing No.5. During the Reporting Period, the first overseas project of China's independent third-generation nuclear power "Hualong One", Unit 2 of Karachi Nuclear Power Plant (卡拉奇核電站) in Pakistan, was successfully connected to the grid for the first time and completed 100 hours of continuous stability acceptance, officially entering the commercial operation stage. This project is the largest nuclear power project in Pakistan, in which Shanghai Electric has provided "nuclear island reactor vessel internals + conventional island main equipment + other key equipment". As the first overseas 1,000MW nuclear turbine generator project, we applied the advanced and mature low-pressure welded rotor technology to the nuclear turbine generator, breaking through the restriction of rotor forging procurement and promoting the overall localization rate of the turbine generator unit to nearly 100%, which greatly enhanced the core competitiveness of domestic equipment and technology. During the Reporting Period, the delivery was done for the steam generator of Unit 1 of the demonstration project of "Guohe One" designed by Shanghai Nuclear Engineering Institute and developed by Shanghai Electric Nuclear Power Equipment Co., Ltd.. It was the first steam generator with the highest power, the heaviest tonnage and the largest capacity in the world, which was developed and innovated under the national large-scale advanced pressurized water reactor nuclear power plant major project and has independent intellectual property rights. During the Reporting Period, the reactor vessel internals of Unit 1 of the "Guohe One" demonstration project manufactured by Shanghai No.1 Machine Tool Factory were also completed and shipped as scheduled.

During the Reporting Period, the Company received new orders for nuclear power equipment of RMB4.28 billion, representing a year-on-year increase of 52.4%. Our orders on hand for nuclear power equipment by the end of the Reporting Period amounted to RMB24.70 billion, representing an increase of 13.3% from the end of the preceding year.

Shanghai Electric Wind Power Group Co., Ltd. ("SEWP"), a subsidiary of Shanghai Electric, was officially listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange in May 2021. During the Reporting Period, SEWP adhered to the "one body with two wings" layout and took "excel at wind power and go beyond " as the new development concept, under the situation of "rush for installation" and pandemic, the demand for offshore wind power project delivery remained strong. In order to seize the opportunity to maintain the advantages of offshore wind power, SEWP has adopted various measures to more effectively deal with offshore installations, so as to fully mobilize internal resources and make every effort to guarantee project delivery. During the Reporting Period, SEWP established a delivery guarantee team mechanism and implemented operation of a large-scale project system, reasonably planned and actively coordinated delivery resources from various aspects including engineering services, procurement, logistics and manufacturing, so as to effectively alleviating the bottleneck of wind turbine delivery. SEWP has further strengthened plan management and control, clarified the access conditions for project implementation plans, and initiated base standardized manufacturing system projects to improve the efficiency of each base and increase output. Meanwhile, SEWP established an overall deployment mechanism for personnel covering installation and commissioning, as well as production and manufacturing, in order to effectively alleviate the labor demand for installation and commissioning.

In the field of energy storage, with the goal of becoming a leader in the domestic energy storage industry, we have committed to providing customers with efficient, reliable and customized energy storage solutions. During the Reporting Period, the 1MW/1MWh all-vanadium redox flow battery energy storage power station independently developed and manufactured by Shanghai Electric Energy Storage Technology Co., Ltd. (上海電氣儲能科技有限公司) successfully passed the acceptance inspection in the Wind Power Industrial Park, Haojiang District, Shantou City, Guangdong Province, which, together with wind turbines, rooftop photovoltaic power plants and plant loads, form the "wind-solar load-storage integration" Shanghai Electric Shantou Smart Energy Demonstration Project. During the Reporting Period, the 26MW/13MWh energy storage and frequency regulation project for units 1 and 2 of Yangxi A plant (陽西A廠), which we undertook and commenced construction, entered into commissioning, and upon completion, the large energy storage system can be added to the power grid as a high-performance frequency regulation resources, which significantly improves the frequency regulation performance of power plant units and effectively enhances energy saving and emission reduction on the power generation side. We have completed the supply, installation and commissioning of battery compartment (including BMS system), variable current booster compartment, EMS and other secondary equipment for the State Grid Hunan Comprehensive Energy Yongzhou leech pond 20MW/40MWh new energy supporting electrochemical energy storage power plant project. Through the project, Shanghai Electric provided peak, frequency and voltage regulation services for Hunan power grid in the form of energy storage equipment leasing service for the first time. During the Reporting Period, we inaugurated the Electric Guoxuan R&D center in Nantong with a total area of over 8,000 square meters, which will meet the R&D needs of the whole product chain of Electric Guoxuan energy storage system from materials and cells to structure and battery management system; we cooperated with Dalian Institute of Chemical Physics of Chinese Academy of Sciences to establish PEM (polymer electrolyte) electrolytic water hydrogen production technology R&D center, and both parties will commence cooperation on the whole industry chain of hydrogen energy, chemical energy storage, coal chemical industry, flue gas treatment and other aspects, which will accelerate our technological progress and industrial layout in the field of electrolytic water hydrogen production and promote the industrialization demonstration of advanced hydrogen production technology. As a leading enterprise in lithium battery smart production equipment, Shenzhen Yinghe Technology Co., Ltd., controlled by the Company, has strong research and development innovation capability and high quality delivery capability with industry-leading products performance and quality, and it has developed good market position and brand advantages, acquiring recognition from CATL, LG and BYD and other domestic and overseas enterprises, with continuous increase in market share and brand advantages.

During the Reporting Period, we received new orders for energy storage equipment of RMB2.88 billion, representing a year-on-year increase of 145.0%. Our orders on hand for energy storage equipment by the end of the Reporting Period amounted to RMB3.08 billion, representing an increase of 78.7% from the end of the preceding year.

In the field of coal-fired power equipment, our coal-fired power equipment business aimed to continuously improve product technology and service levels and maintained leading position in the domestic market for high-efficiency coal-fired units. During the Reporting Period, we signed the Huaneng North Dalat Power Plant Phase V 1×1000MW boiler equipment, which is one of the 5 GW power source point projects planned to be built in Inner Mongolia for self-consumption of coal power, and is both the first 1000 MW unit of Huaneng North Company (華能北方公司) and the first thermal power project with a single unit capacity of 1000 MW in Western Inner Mongolia Power Grid (蒙西電網); we signed a contract with Jiangsu Sheyang Harbor Power Generation Co., Ltd. (江蘇射陽港發電有限責任公司) of Jiangsu Guoxin Group (江蘇國信集團) for supply of the three main equipment for the expansion project of Sheyang Port 2×1000 MW coal-fired power generating units, which will provide positive and important thrust to promote the shutdown of units of 300 MW and below in Jiangsu province, and build a resource-saving and environmental friendly society; we have won bids for boiler equipment for the 2×1000 MW new construction project of National Energy Hunan Yueyang Power Plant (湖南岳陽電廠) and the steam turbine and turbine generator equipment for Hubei Energy Xiangyang Yicheng (湖北能源襄陽宜城) 2×1000 MW project. During the Reporting Period, we won contracts for three main equipment for the 3×380 MW thermal power generation construction project of Qingshan Steel in Indonesia and 2×65 MW turbine generator sets for Phase I of Tuas IWMF waste-to-energy project in Singapore.

During the Reporting Period, we received new orders for coal-fired power equipment of RMB5.95 billion, representing a year-on year increase of 112.6%. Our orders on hand for coal-fired power equipment by the end of the Reporting Period amounted to RMB47.01 billion, representing a decrease of 16.2% from the end of the preceding year.

In the field of gas-fired power generation equipment, we have achieved the coverage of full industrial chains including the design, manufacturing, repairing, services, consultancy and other businesses on gas turbines. During the Reporting Period, six units of the 2×390MW class gas-steam combined cycle generating unit construction project of Dongguan Shenzhen Energy Zhangyang Power Co., Ltd. (東莞深能源樟洋電力有限公司), the Phase II Expansion F-class Gas Turbine Cogeneration Project of Zhangjiagang Huaxing Jincheng Power Co., Ltd. (張家港華興金城電力有限公司), and the 2×400MW class gas-fired cogeneration project of Jiangsu Zhenjiang Gas Thermal Power Co., Ltd. (江蘇鎮江燃氣熱電有限公司), smoothly passed the 168 hours trial operation. Our gas turbine business has entered a period of stable development.

During the Reporting Period, the Company received new orders for gas-fired power generation equipment of RMB2.83 billion, representing a year-on year decrease of 11.8%. Our orders on hand for gas-fired power generation equipment by the end of the Reporting Period amounted to RMB12.80 billion, representing an increase of 10.3% from the end of the preceding year.

In the field of grid and industrial intelligent power supply system solutions, we aim to build to become an integrated and intelligent comprehensive solution provider and industry benchmark, improve the level of digitalization so as to realize the strategic transformation from a product manufacturer to an energy service provider. During the Reporting Period, we won the bid of China National Chemical Corporation Ltd. for the energy conservation and emission reduction promotion project, an electrical wire and cable procurement project of annual 4,600 tonnes of special fluorine-containing electronic gas construction; successfully completed the communication cable supply project for Finnish Viking Shipping Company’s 2,800 passenger cruise line type Ro-ro passenger ships. During the Reporting Period, our digital production line for power transmission and distribution equipment as well as expansion of high-end products production were successively launched, which would effectively improve the production capacity and efficiency, including the 12kV digital production line project of subordinate Shanghai Dahua Electric Equipment Co., Ltd., the industrial heating cable project and single pair ethernet production line project for new energy vehicles communication of subordinate Zhangjiagang Twentsche Cable Co., Ltd.. During the Reporting Period, Shanghai Electric Power Transmission & Distribution Testing Centre Co., Ltd., a subsidiary of the Company, completed the acceptance test for major ability construction of “252 kV and below power transmission and distribution equipment research and development test platform construction”, with platform detection capability obtaining the national level authorization, which plays an important role in enhancing high quality development of national electrical products, accelerating the construction of the smart grid, and promoting new energy. The E-cloud system of transmission and distribution independently developed by Shanghai Electric Transmission and Distribution Group has been officially launched. The E-cloud system will provide a powerful information platform support for the digital and intelligent upgrade of power transmission and distribution equipment and the development of comprehensive energy business.

During the Reporting Period, we acquired new orders for grid and industrial intelligent power supply system solutions of RMB4.88 billion, representing a year-on-year increase of 14.0%. At the end of the Reporting Period, our orders on hand for grid and industrial intelligent power supply system solutions amounted to RMB4.51 billion, representing an increase of 33.7% from the end of the preceding year.

## Industrial Equipment

In the first half of 2021, the industrial equipment segment’s revenue was RMB20,483 million, representing a slight increase as compared with the same period last year. During the Reporting Period, gross profit margin of the industrial equipment segment was 17.4%, representing an increase of 1.2 percentage points as compared with the same period last year, primarily due to the increase in gross profit margin following the gradual recovery of overseas fastener business. The operation of major business of the segment is as follows:

In the field of elevator equipment, Shanghai Mitsubishi Elevator Co., Ltd. actively promotes the two-wheel drivers centered "product + service", takes high quality as its differentiated competitive advantage, and interpreting intrinsic qualities including smart products, smart manufacturing, smart services, smart management and smart monitoring to promote and lead the digital transformation of enterprises. During the Reporting Period, the domestic elevator industry was affected by factors including high prices of raw materials and overcapacity, which led to intensified competition, and the elevator industry exhibited an all-round competition pattern in terms of price, quality, delivery time and service. Shanghai Mitsubishi Elevator Co., Ltd. actively invested in the livelihood project of elevator installation for old buildings, and actively explored and launched the full life cycle service of "one-stop elevator installation service". Relying on mature information technology including the Internet of Things and cloud computing, multi-regional branches of Shanghai Mitsubishi Elevator Co., Ltd. has been included in the list of pilot enterprises for on-demand elevator maintenance. The Beijing Branch of Shanghai Mitsubishi Elevator Co., Ltd. has become the only pilot company in Beijing for elevator self-testing. The on-demand maintenance model will improve maintenance efficiency and increase the profitability of maintenance services. During the Reporting Period, Shanghai Mitsubishi Elevator Co., Ltd. launched the "ten-year extended warranty for five core components" service, which would form a long-term strategic partnership with customers and promote the revenue increase of new elevators and service. During the Reporting Period, the business income of Shanghai Mitsubishi Elevator Co., Ltd. continued to maintain a steady growth, of which the service industry income from installation and maintenance exceeded RMB3.6 billion, accounting for nearly 35% of the operating revenue.

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, although the aviation and aerospace industry has not yet recovered, Germany Broetje Company sailed against the current in the three major markets including Europe, USA and China. It has won the bids for IPAC integrated automated wall panel assembly units, MPAC gantry-type multi-wall panel assembly units and aero engine "automatic assembly" projects. During the Reporting Period, the middle-volume T1 demonstration line in the Lingang New Area of Shanghai Pilot Free Trade Zone was fully opened, for which we provided digital rail systems, operation control and management systems, and the digital rail intelligent transportation system (iDRT) developed by Shanghai Electric Group Intelligent Transportation Technology Co., Ltd., a subsidiary of the Company, realized a new mode of transportation featuring "virtual track" and "auto driving", which was our first commercialized project on digital rail transit system.

In the field of industrial basic parts, the Company is mainly engaged in the manufacturing and service of basic mechanical parts, covering four business segments including fasteners, blades, bearings and metal cutting tools. Through the acquisition of Nedschroef, a European fastener manufacturer with a century-old history, the Company has become one of the world's largest fastener suppliers in the automotive industry.

During the Reporting Period, we received new orders for industrial basic parts of RMB4.83 billion, representing a year-on-year increase of 36.3%.

In the field of construction industrialization-prefabricated construction, Shanghai Electric Matechstone Engineering Group Co., Ltd., a subsidiary of the Company, has been constantly developing and innovating to provide customers with green, environment friendly, intelligent and interconnected construction industrialization technology integration and system solutions. During the report period, we won the bid of Chengdu Tianfu Investment Group Co., Ltd. for Yingjing PC factory project of phase I prefabricated industrial base overall solution. The Lingang Production Base of Shanghai Electric Matechstone Engineering Group Co., Ltd. is officially put into operation, which will promote the transformation and upgrade of construction industrialization in Lingang area, implement prefabricated demonstration projects, promote the large-scale application of prefabricated buildings, and promote the construction of Lingang into a comprehensive green new city.

### Integrated Services

In the first half of 2021, the integrated services segment achieved revenue of RMB18,679 million, representing an increase of 4.6% 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 margin of the integrated services segment was 9.1%, representing a decrease of 11.3 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 significant increase in costs of overseas engineering projects affected by the pandemic. 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, we won the bid of the general contracting project of 30 MW distributed wind power project in Chahar Right Front Banner of Inner Mongolia. All 650 MW new energy projects of Xinjiang Zhundong New Energy Base, with Shanghai Electric as main contractor, have been put into commercial operation, including 300 MW wind power project of Dashitou town, 200 MW wind power project of Laojunmiao temple and 150 MW photovoltaic project of Beita Mountain. In the overseas market, we undertook the design and supply of photovoltaic project in Etajima of Japan, and achieved a breakthrough of performance in developed countries. The pile foundation project of Bangladesh Rupsha 800MW gas turbine combined cycle project undertaken by us has officially started construction. This project is the largest gas turbine combined cycle power project in Bangladesh at present, and it is the first time in the country to use air cooling form. It is composed of two large F-class gas turbines and one-plus-one combined cycle power generator sets.

During the Reporting Period, we acquired new orders for energy engineering and services of RMB9.73 billion, representing a year-on-year decrease of 46.8%. At the end of the Reporting Period, our orders on hand for energy engineering and services amounted to RMB105.96 billion, representing a decrease of 7.1% from the end of the preceding year; among which, the overseas orders amounted to RMB55.51 billion, representing a decrease of 20.7% from the end of the preceding year.

In the field of environmental protection engineering and services, we consistently focused on various fields such as power plant environmental protection, solid waste treatment and water treatment. During the Reporting Period, we won the bid for the phase II project of the Second Xinjiang Water Purification Plant in Jinshan District, Shanghai, which is our breakthrough in the field of physical and chemical sewage treatment process design and system integration. We won the order for the general contract project of the spray coating line of the industrial refrigerating unit and the terminal waste gas treatment system of the industrial refrigerating paint room of McQuay Air Conditioning & Refrigeration (Wuhan) Co., Ltd., and realized the upgrade from “waste gas engineering, waste gas and distributed coating production equipment to waste gas and coating production line”.

During the Reporting Period, we acquired new orders for environmental protection engineering and services of RMB1.51 billion, representing a year-on-year decrease of 66.2%. At the end of the Reporting Period, our orders on hand for environmental protection engineering and services amounted to RMB9.45 billion, representing a decrease of 13.7% from the end of the preceding year.

In the field of industrial internet, leveraging on “SEunicloud” industrial internet platform, we 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 users, accelerating integrated online and offline development, pushing forward the interactive development between industry chain, value chain and innovation chain. During the Reporting Period, we won the bid of Pingmei Group for new energy big data platform project, after the completion of the new energy big data platform, it will realize remote monitoring, data analysis and centralized operation management of all the centralized and distributed new energy under Pingmei Group, marking another breakthrough in our overseas digital services in the field of smart energy. During the Reporting Period, we acquired Shanghai Kezhi Electric Automation Co., Ltd. to focus on integrated system solutions, such as intelligent manufacturing and Internet of Things, which will further enhance our integrated digital solution capabilities for industrial Internet business. We set up Shanghai Electric Smart low-carbon Technology Co., Ltd., creating an industrial internet high-tech enterprise to provide digital and energy services in domestic and global energy field as well as around the Shanghai south science and technology center, which focuses on three business of smart energy, smart factory and smart low-carbon.

We continue to enhance the treasury function of financial business and integrates it into the industry's high-quality development strategy to leverage the advantages of financial tools, further provide the Group’s industry with comprehensive financial services covering domestic and foreign markets. During the Reporting Period, the first phase of supply chain financial platform of Shanghai Electric was officially launched, realizing one-stop supply chain financial services and helping the industrial supply chain to improve efficiency. Meanwhile, we concentrated resources and strengthened coordination with the Group’s industry to formulate targeted comprehensive financial service plans for subsidiaries of the Group.

## SIGNIFICANT EVENTS

### Spin-off and listing of SEWP 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 SEWP proposed to conduct the initial public offering of its RMB (Renminbi, the lawful currency of the People's Republic of China) 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.

On 15 May 2020, 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 Hong Kong 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 approved the issuance and listing of the shares of Shanghai Electric Wind Power Group Co., Ltd. (initial public offering).

According to the Approval of the Registration of Shanghai Electric Wind Power Group Co., Ltd.’s Initial Public Offering of Shares issued by the CSRC in March 2021, the CSRC approved the registration application of SEWP’s initial public offering on the Sci-tech Innovation Board.

On 19 May 2021, the shares of SEWP were listed on the Shanghai Stock Exchange.

## Risk in relation to trade receivables and inventories of SECT

During the Reporting Period, SECT, a controlled subsidiary of the Company, has a risk that its trade receivables of significant amounts may not be recoverable and its inventories may be subject to significant impairment loss. In the event that SECT cannot recover its trade receivables and incurs impairment loss on its inventories, it may result in losses of the Company in relation to the impairment of the equity investment in SECT and the impairment of the shareholder's loans by the Company, and there is also a risk that the SECT loans from commercial banks may not be repaid as scheduled. As at the end of the Reporting Period, the court has already accepted the lawsuit filed by SECT in relation to the receivables. During the Reporting Period, the provision for significant impairment loss of trade receivables and inventory of SECT was RMB7.367 billion, resulting in a reduction of RMB6.574 billion the Company's net profit attributable to shareholders of the listed company in the first half of 2021.

## Election of directors and supervisors

On 29 January 2021, Dr. Liu Yunhong was appointed as a member of the remuneration committee and the term of his office started from 29 January 2021 to the end of the term of the fifth session of the Board.

On 17 April 2021, due to age reasons, Mr. Zhu Bin resigned as an executive director of the Company. The Board of the Company nominated Mr. Gan Pin ("Mr. Gan") as an executive director candidate for the fifth session of the Board of the Company, with the term of office from the approval date of the general meeting to the expiration of the term of the fifth session of the Board.

On 17 May 2021, the extraordinary general meeting of the Company has considered and approved to elect Mr. Gan as a non-executive director of the fifth session of the Board. Mr. Gan was appointed as the vice chairman of the Board. The term of office of Mr. Gan was from 17 May 2021 to the expiration of the term of the fifth session of the Board.

Due to age reasons, Mr. Zhou Guoxiong ceased to be the chairman of the supervisory committee of the Company (the "Supervisory Committee") and a supervisor of the Company with effect from 20 May 2021. Due to age reasons, Mr. Hua Xingsheng ceased to be the vice chairman of the Supervisory Committee and a supervisor of the Company with effect from 20 May 2021. Mr. Cai Xiaoqing ("Mr. Cai") was nominated as the candidate for a supervisor of the Company, with the term of office from the approval date of the general meeting to the expiration of the term of the fifth session of the Supervisory Committee.

On 28 June 2021, the extraordinary general meeting of the Company has considered and approved to elect Mr. Cai as a supervisor of the fifth session of the Supervisory Committee. The Supervisory Committee elected Mr.Cai as the chairman of the fifth session of the Supervisory Committee. The term of office of Mr. Cai was from 28 June 2021 to the expiration of the term of the fifth session of the Supervisory Committee.

## MRTERRIAL EVENTS AFTER THE PERIOD

### Election of directors and appointment of senior management

On 29 July 2021, the Board nominated Ms. Leng Weiqing ("Ms. Leng") as a director candidate for the fifth session of the Board of the Company, with the term of office from the approval date of the general meeting to the expiration of the term of the fifth session of the Board. The Board also agreed that, after Ms. Leng being approved by the shareholders' meeting of the Company to serve as a director of the Board, she will serve as the chairlady of the fifth session of the Board. On 23 August 2021, the extraordinary general meeting of the Company considered and approved to elect Ms. Leng as an executive director of the fifth session of the Board. The term of office of Ms. Leng will be from the date of this announcement to the end of the term of the fifth session of the Board. At the same time, Ms. Leng serves as the chairlady of the fifth session of the Board from 23 August 2021. On 27 August 2021, the Board appointed Ms. Leng as the chairlady and member of the strategy committee of the Company, with the term of office from 27 August 2021 to the expiration of the term of the fifth session of the Board. The Board also appointed Ms. Leng as the Chief Executive Officer of the Company, with the term of office from 27 August 2021 to the expiration of current session of senior management.

On 23 August 2021, the Board of the Company appointed Mr. Liu Ping ("Mr. Liu") as the president of the Company, with the term of office from 23 August 2021 to the expiration of current session of senior management.

On 29 July 2021, Mr. Zheng Jianhua is suspected of serious violation of the law and disciplines and is currently under disciplinary examination and supervision investigation by the Shanghai Municipal Commission for Discipline Inspection of the Communist Party of China and the Shanghai Municipal Supervision Commission, hence he will not be able to perform the duties as a director. In order to safeguard the operation of the Board, the Board resolved to propose to remove Mr. Zheng Jianhua as a director of the fifth session of the Board according to the articles of association of the Company, subject to the approval by the shareholders of the Company. The Board also resolved to remove Mr. Zheng Jianhua as the chairman of the Board, the chairman and member of the strategy committee of the Company and the Chief Executive Officer of the Company. On 23 August 2021, the extraordinary general meeting of the Company considered and approved to remove Mr. Zheng Jianhua as a director of the fifth session of the Board.

Mr. Huang Ou, an executive director and the president of the Company passed away on 5 August 2021.

## OUTLOOK

Looking forward to the second half of 2021, we will always adhere to a high degree of organic integration of national interests, corporate interests, employee interests and investor interests while centering on the main responsibilities and main businesses, focusing on innovation-driven, keeping a foothold on the new development stage, implementing new development concepts and serving to build a new development layout. We will adhere to low-carbonization and digitalization as the main line, take smart energy, intelligent manufacturing and smart city as the transformation and development direction to improve the effectiveness of reforms and consolidate the foundation for development, so as to coordinate the development of the main business and risk prevention and control, promote the healthy, innovative and high-quality development of the industry, further creating a new development situation for Shanghai Electric.

## 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 2021 to 30 June 2021. 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 during the Reporting Period.

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

## INTERIM DIVIDEND

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

## BOARD OF DIRECTORS AND SUPERVISORS

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

As at the date of this announcement, the Supervisors of the Company are Mr. Cai Xiaoqing, Mr. Han Quanzhi, 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 2021 Interim Report will be despatched to the shareholders of the Company and will be made available on the websites of the Company and of the Hong Kong Stock Exchange in due course.

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

Shanghai, the PRC, 27 August 2021

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

* *For identification purpose only*