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 Third Quarterly Report

Pursuant to the regulations and rules of the China Securities Regulatory Commission and the Shanghai Stock Exchange, Shanghai Electric Group Company Limited (the **"Company"**) is required to announce quarterly results.

This announcement is made pursuant to the Inside Information Provision under Part XIVA of the Securities and Futures Ordinance (Cap 571, Laws of Hong Kong) (as defined in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**")) and Rule 13.09(2) and Rule 13.10B of the Listing Rules.

The board of directors of the Company (the **"Board"**) is pleased to announce the results of the Company and its subsidiaries for the nine months ended 30 September 2021 prepared in accordance with China Accounting Standards (the **"PRC GAAP"**). Such results have not been audited by independent auditors but have been reviewed by audit committee of the Company.

1. IMPORTANT NOTICE

1.1 The Board and the supervisory committee of the Company together with the Directors, supervisors and the senior management of the Company confirm that there are no false statements or misleading representations contained in or material omissions from this report. All of them jointly and severally accept responsibility as to the truthfulness, accuracy and completeness of the content of this report.

1.2 Financial information set forth in this 2021 third quarterly report of the Company has been prepared in accordance with the PRC GAAP and has not been audited by independent auditors but has been reviewed by audit committee of the Company.

1.3 Ms. Leng Weiqing, chairlady of the Board, Mr. Hu Kang, chief financial officer of the Company and Mr. Si Wenpei, head of finance department of the Company, warrant the truthfulness, accuracy and completeness of the financial report within this quarterly report.

1.4 This announcement is made pursuant to the Inside Information Provision under Part XIVA of the Securities and Futures Ordinance (Cap 571, Laws of Hong Kong) (as defined in the Listing Rules) and Rule 13.09(2) and Rule 13.10B of the Listing Rules.

2. MAJOR FINANCIAL DATA

2.1 Major accounting data and financial indicators

Currency: RMB'000 [1]

Particulars	From 1 July 2021 to 30 September 2021	Percentage Change Year-over-Year (%)	From 1 January 2021 to 30 September 2021	Percentage Change Year-over-Year (%)
Total revenue	31,000,868	5.82	93,528,580	13.32
Operating revenue	30,831,367	5.78	93,040,256	13.51
Net profit attributable to shareholders of the Company	548,523	-33.35	-4,422,309	-288.58
Net profit attributable to shareholders of the Company after excluding non-recurring profit or loss items	-240,241	-149.09	-5,849,267	-418.59
Net cash flow used in/generated from operating activities	N/A	N/A	-20,306,633	N/A
Basic earnings per share (RMB/share)	0.0361	-33.46	-0.2913	-288.30
Diluted earnings per share (RMB/share)	0.0361	-33.46	-0.2913	-288.30

Return on net assets on a weighted average basis (%)	0.86	A decrease of 0.39 point	-6.61	A decrease of 10.31 points
	As at 30 September 2021	**As at 31 December 2020**		**Change from 31 December 2020 to 30 September 2021 (%)**
Total assets	310,949,040	315,402,734		-1.41
Net assets attributable to shareholders of the Company	64,201,882	66,400,834		-3.31

Note 1: unless otherwise specified.

2.2 Non-recurring profit and loss items and amounts:

Currency: RMB'000

Particulars	From 1 July 2021 to 30 September 2021	From 1 January 2021 to 30 September 2021
Gains or losses on disposal of non-current assets (including write-off portion of the provision for asset impairment)	5,512	151,136
Governmental subsidies counted into the current profit and loss, except for the one closely related with the normal operation of the company and gained constantly at a fixed amount or quantity according to certain standard based on state policies	188,731	547,167
Profit and loss from debt reorganization	129	194
Profit or loss arising from changes in the fair value of holding financial assets held for trading and financial liabilities held for trading, and investment income from disposal of financial assets held for trading, financial liabilities held for trading and available-for-sale financial	414,729	792,469

assets, except effective hedging business related to the Company's normal operations		
Reversal of impairment provision for trade receivables subject to separate assessment		10,711
Investment income from disposal of subsidiaries	687,414	934,476
Other non-operating revenue and expenses other than the above	28,046	154,805
Less: effect on income tax	-434,415	-714,248
Effect on non-controlling interests (net of tax)	-101,382	-449,752
Total	788,764	1,426,958

2.3 Material changes of principal items in the financial statements and financial indicators of the Company and the underlying reasons

Currency: RMB'000

Particulars	**Percentage of change（%）**	**Principal reasons**
Net assets attributable to shareholders of the Company (from 1 July 2021 to 30 September 2021)	-33.35	Costs increased to some extent as a result of the rising commodity prices and the impact of the pandemic overseas
Net assets attributable to shareholders of the Company (from 1 January 2021 to 30 September 2021)	-288.58	Due to a provision of expected credit loss for trade receivables and a provision for impairment of inventories of Shanghai Electric Communication Technology Co., Ltd. ("**SECT**"), a controlled subsidiary of the Company
Net profit attributable to shareholders of the Company after excluding non-recurring profit or loss items (from 1 July 2021 to 30 September 2021)	-149.09	Costs increased to some extent as a result of the rising commodity prices and the impact of the pandemic overseas
Net profit attributable to shareholders of the Company after excluding non-recurring profit or loss items (from 1 January 2021 to 30 September 2021)	-418.59	Due to a provision of expected credit loss for trade receivables and a provision for impairment of inventories of SECT

Net cash flow used in/generated from operating activities (from 1 July2021 to 30 September 2021)	N/A	The increase of net cash flow used in/generated from operating activities from 1 July 2021 to 30 September 2021 compared with the same period last year was mainly due to the increase in cash paid for goods and services
Net cash flow used in/generated from operating activities(from 1 January 2021 to 30 September 2021)	N/A	The increase of net cash flow used in/generated from operating activities from 1 January 2021 to 30 September 2021 compared with the same period last year was mainly due to the increase in cash paid for goods and services
Basic earnings per share (RMB/share) (from 1 July 2021 to 30 September 2021)	-33.46	Costs increased to some extent as a result of the rising commodity prices and the impact of the pandemic overseas
Basic earnings per share (RMB/share) (from 1 January 2021 to 30 September 2021)	-288.30	Due to a provision of expected credit loss for trade receivables and a provision for impairment of inventories of SECT
Diluted earnings per share (RMB/share) (from 1 July 2021 to 30 September 2021)	-33.46	Costs increased to some extent as a result of the rising commodity prices and the impact of the pandemic overseas
Diluted earnings per share (RMB/share) (from 1 January 2021 to 30 September 2021)	-288.30	Due to a provision of expected credit loss for trade receivables and a provision for impairment of inventories of SECT

3. OTHER REMINDERS

Shanghai Electric Communication Technology Co., Ltd., 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 30 September 2021, the court has already accepted the lawsuit filed by SECT in relation to the receivables. From 1 January 2021 to 30 September 2021, the provision for significant impairment loss of trade receivables and inventories of SECT was RMB7.367 billion, resulting in a reduction of RMB6.574 billion on the Company’s net profit attributable to shareholders of the Company from 1 January 2021 to 30 September 2021.

4 THE THIRD QUARTERLY FINANCIAL STATEMENTS

UNAUDITED CONSOLIDATED BALANCE SHEET

As at 30 September 2021

Prepared by: Shanghai Electric Group Company Limited

Currency: RMB'000

Particulars	As at 30 September 2021	As at 31 December 2020
Current assets:		
Cash at bank and on hand	28,868,973	24,243,832
Settlement reserve	17,290	30,933
Placements to banks and other financial institutions	16,884,409	36,593,978
Financial assets held for trading	7,320,601	7,387,914
Derivative financial assets	100,628	98,146
Notes receivable	6,374,833	8,477,377
Accounts receivable	37,580,203	32,799,102
Accounts receivable financing	6,258,863	10,912,246
Advances to suppliers	17,341,226	18,057,070
Premium receivable		
Amounts due from reinsurers		
Reinsurance contract reserve receivable		
Other receivables	13,186,311	8,936,029
Inclusive：Interest receivable	118,522	87,289
Dividends receivable	1,837,858	99,228
Financial assets purchased under agreements to resell	4,462,337	79,301
Inventories	36,473,149	29,986,057
Contract assets	34,289,289	29,155,884
Assets classified as held-for-sale	171,267	350,875
Non-current assets due within one year	3,239,384	3,359,925
Other current assets	10,292,985	17,477,280
Total current assets	222,861,748	227,945,949
Non-current assets:		
Loans and advances	738,640	324,992
Bond investments	450,000	
Other bond investments	255,952	420,183
Long-term receivables	5,154,210	5,920,037
Long-term equity investments	12,483,579	13,713,733
Other equity instruments investment		
Other non-current financial assets	6,442,898	5,557,173

Investment properties	836,791	900,177
Fixed assets	19,688,033	17,537,969
Construction in progress	8,989,527	9,573,551
Bearer biological assets		
Oil and gas assets		
Right-of-use assets	1,462,740	1,118,194
Intangible assets	8,509,690	9,019,451
Development disbursements	65,001	83,512
Goodwill	4,618,795	4,667,958
Long-term deferred expenses	556,069	480,040
Deferred tax assets	7,337,594	6,568,529
Other non-current assets	10,497,773	11,571,286
Total non-current assets	88,087,292	87,456,785
Total assets	310,949,040	315,402,734
Current liabilities:		
Short-term borrowings	12,174,399	15,627,384
Due to central banks		
Placements from banks and other financial institutions		
Financial liabilities held for trading	30,295	37,582
Derivative financial liabilities	6,735	19,258
Notes payable	12,948,915	12,083,698
Accounts payable	63,335,721	65,853,292
Advanced receipts	611,094	621,736
Contract liabilities	43,845,239	45,362,212
Financial assets sold under agreement to repurchase	580,000	
Customer deposits and placements from other financial institutions	4,850,047	4,289,676
Customer brokerage deposits		
Securities underwriting brokerage deposits		
Employee benefits payable	3,532,033	4,565,921
Tax payable	2,617,559	2,939,412
Other payables	10,270,599	11,263,901
Inclusive：Interests payable	317,288	371,129
Dividends payable	695,497	220,750
Fee and commissions payable		
Amounts due to reinsurer		
Liabilities classified as held-for-sale		8,131
Non-current liabilities due within one year	8,354,119	10,638,362
Other current liabilities	9,621,782	10,181,789
Total current liabilities	172,778,537	183,492,354

Non-current liabilities:		
Reserve of insurance contract		
Long-term borrowings	22,491,763	15,408,452
Bonds payable	2,489,087	2,485,142
Inclusive: Preferred shares		
Perpetual bond		
Lease liabilities	983,842	750,308
Long-term payables	1,490,383	1,479,522
Long-term employee benefits payable	238,490	254,562
Provisions	2,747,968	2,038,662
Deferred revenue	1,705,702	1,774,593
Deferred tax liabilities	823,260	854,267
Other non-current liabilities	17,685	15,530
Total non-current liabilities	32,988,180	25,061,038
Total liabilities	205,766,717	208,553,392
Equity:		
Paid in capital (or share capital)	15,705,971	15,181,353
Other equity instruments		
Inclusive: Preferred shares		
Perpetual bond		
Capital surplus	22,152,047	19,338,140
Less: Treasury stock	382,271	382,271
Other comprehensive income	-134,646	-130,122
Specialized reserve	155,043	138,313
Surplus reserves	5,906,524	5,906,524
General provisions		
Retained earnings	20,799,214	26,348,897
Equity attributable to owners (or shareholders) of the Company	64,201,882	66,400,834
Non-controlling interests	40,980,441	40,448,508
Total equity	105,182,323	106,849,342
Total equity and liabilities	310,949,040	315,402,734

Company’s legal representative: Leng Weiqing

Person-in-charge of accounting: Hu Kang

Head of accounting department: Si Wenpei

UNAUDITED CONSOLIDATED INCOME STATEMENT

From 1 January 2021 to 30 September 2021

Prepared by: Shanghai Electric Group Company Limited

Currency: RMB'000

Particulars	From 1 January 2021 to 30 September 2021	From 1 January 2020 to 30 September 2020
1. Total revenue	93,528,580	82,532,284
Inclusive: Operating revenue	93,040,256	81,966,534
Interest income	486,695	563,940
Premium earned		
Fees and commission income	1,629	1,810
2. Total cost of sales	91,397,663	78,950,214
Inclusive: Operating cost	77,745,361	67,413,645
Interest expenses	70,652	54,094
Fees and commission expenses	670	4,588
Cash surrender value		
Claim settlement expenses, net		
Net provision for insurance contracts		
Policy dividend expense		
Reinsurance expenses		
Business tax and surcharge	368,991	347,341
Selling expenses	3,690,913	2,659,578
General and administrative expenses	5,038,641	4,549,664
Research and development expenses	3,525,809	2,809,882
Finance expenses	956,626	1,111,422
Inclusive: Interest expense	1,158,615	1,408,869
Interest income	-325,476	-383,212
Add: Other income	547,167	541,481
Investment income (losses are denoted by "-")	2,781,267	1,004,122
Inclusive: Income from investment in associates and joint ventures	1,020,504	739,904

Derecognition of financial assets at amortised cost		-4,282
Foreign exchange gain (losses are denoted by “-”)	2,697	1,500
Net Exposure hedging gains (losses are denoted by “-”)		
Profit or loss arising from changes in fair value (losses are denoted by “-”)	681,420	138,714
Impairment loss on financial assets (losses are denoted by “-”)	-7,069,633	-1,079,758
Impairment loss on assets (losses are denoted by “-”)	-2,505,244	-71,119
Gains on disposals of assets (losses are denoted by “-”)	136,158	30,094
3. Operating profits (losses are denoted by “-”)	-3,295,251	4,147,104
Add: non-operating income	241,345	129,583
Less: non-operating expenses	71,368	25,828
4. Profit and loss before tax (total losses are denoted by “-”)	-3,125,274	4,250,859
Less: income tax expenses	643,415	830,002
5. Net profits (net losses are denoted by “-”)	-3,768,689	3,420,857
(A) Classified by continuity of operations		
(1) Net profit from continuing operations (net losses are denoted by “-”)	-3,768,689	3,420,857
(2) Net profit from discontinued operations (net losses are denoted by “-”)		
(B) Classified by ownership of the equity		
(1) Attributable to shareholders of the Company (net losses are denoted by “-”)	-4,422,309	2,345,034
(2) Non-controlling interests (net losses are denoted by “-”)	653,620	1,075,823
6. Other comprehensive income, net of tax	76,698	-52,401

(A) Other comprehensive income, net of tax, attributable to shareholders of the Company	-4,524	-55,465
(1) Items that will not be reclassified subsequently to profit or loss	-1,901	2,232
(a) Remeasurements gains/(losses) of defined benefit obligation	-1,901	2,232
(b) Other comprehensive income of investments accounted for using the equity method, which will not be reclassified subsequently to profit or loss		
(c) Change in fair value of other equity instruments investment		
(d) Change in fair value of credit risk of the Company		
(2) Items that may be reclassified to profit or loss	-2,623	-57,697
(a) Other comprehensive income of investments accounted for using the equity method		
(b) Change in fair value of other bond investment	-48,371	-15,568
(c) Other comprehensive income due to reclassification of financial assets		
(d) Impairment loss on other bond investment		
(e) Cash flow hedge	-6	-1,080
(f) Currency translation difference	-51,506	-27,219
(g) Others	97,260	-13,830
(B) Other comprehensive income, net of tax, attributable to non-controlling interests	81,222	3,064
7. Total comprehensive income	-3,691,991	3,368,456
(A) Attributable to shareholders of the Company	-4,426,833	2,289,569
(B) Attributable to non-controlling interests	734,842	1,078,887

8. Earnings per share:		
(A) Basic earnings per share (RMB/share)	-0.2913	0.1547
(B) Diluted earnings per share (RMB/share)	-0.2913	0.1547

Company’s legal representative: Leng Weiqing

Person-in-charge of accounting: Hu Kang

Head of accounting department: Si Wenpei

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

From 1 January 2021 to 30 September 2021

Prepared by: Shanghai Electric Group Company Limited

Currency: RMB'000

Particulars	From 1 January 2021 to 30 September 2021	From 1 January 2020 to 30 September 2020
1. Cash flows from operating activities:		
Cash received from sales of goods or rendering of services	89,164,703	82,136,519
Net increase in customer deposits and placements from other bank		
Net increase in due to central banks		
Net increase in borrowings from other financial institutions		
Cash from premiums on original insurance contracts		
Reinsurance business, net amount		
Net increase in insured's deposits and investments		
Cash received from interests, fees and commissions		
Net increase in placements from banks and other financial institutions		
Net increase of funds in repurchase business		
Net cash received from customer brokerage		
Tax refunds	597,336	483,551
Cash receipts related to other operating activities	5,394,593	3,848,871
Total cash inflows from operating activities	95,156,632	86,468,941
Cash paid for goods and services	88,251,033	73,617,069
Net increase in loans and advances		
Net increase in deposits with central bank and other banks		
Cash paid for claim settlements on original insurance contracts		
Net increase in placements to banks and other financial institutions		
Cash paid for interest, fees and commissions		
Cash paid for policy dividends		
Cash paid to employees and for employee benefits	8,826,368	7,605,705
Payments of all types of taxes	4,632,937	3,963,105

Cash payments related to other operating activities	13,752,927	14,143,567
Total cash outflows from operating activities	115,463,265	99,329,446
Net cash flows from operating activities	-20,306,633	-12,860,505
2. Cash flows from investing activities		
Cash received from sale of investments	11,468,366	8,973,913
Cash receipts from returns on investments	848,536	664,016
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	141,313	227,829
Net cash received from disposing subsidiaries and other business units	996,595	
Cash receipts related to other investing activities	2,315,944	4,439,289
Total cash inflows from investing activities	15,770,754	14,305,047
Cash paid to acquire fixed assets, intangible assets and other long-term assets	3,306,176	2,896,292
Cash paid for investments	6,337,416	14,979,618
Net increase in pledged loans		
Net cash paid for acquiring subsidiaries and other business units	681,293	196,741
Cash payments related to other investing activities	231,255	9,906
Total cash outflows from investing activities	10,556,140	18,082,557
Net cash flows from investing activities	5,214,614	-3,777,510
3. Cash flows from financing activities		
Cash proceeds from investments by others	3,149,372	4,072,194
Inclusive: Cash received from capital contributions from minority shareholders of subsidiaries	3,149,372	4,072,194
Cash received from borrowings	21,682,711	26,060,817
Cash received from debentures	1,500,000	
Cash receipts related to other financing activities	389,143	
Total cash inflows from financing activities	26,721,226	30,133,011
Cash repayments of debts and debentures	18,792,198	24,224,597
Cash payments for distribution of dividends, profit or interest expenses	3,586,621	1,637,739
Inclusive: Profit and dividends paid to non-controlling interests by the subsidiaries	600,780	397,756
Cash payments related to other financing activities	1,615,113	621,072

Total cash outflows from financing activities	23,993,932	26,483,408
Net cash flows from financing activities	2,727,294	3,649,603
4. Effects of foreign exchange rates changes on cash and cash equivalents	-79,256	-78,407
5. Net increase in cash and cash equivalents	-12,443,981	-13,066,819
Add: Cash and cash equivalents at beginning of the period	46,254,915	42,431,476
6. Cash and cash equivalents at end of the period	33,810,934	29,364,657

Company's legal representative: Leng Weiqing

Person-in-charge of accounting: Hu Kang

Head of accounting department: Si Wenpei

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

Shanghai, the PRC, 28 October 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*