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SHANGHAI ELECTRIC GROUP COMPANY LIMITED

上海電氣集團股份有限公司

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 02727)

FURTHER ANNOUNCEMENT ON AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

AUDITED CONSOLIDATED RESULTS

Reference is made to the announcement of Shanghai Electric Group Company Limited (the "**Company**") dated 30 March 2022 in relation to the Company's unaudited annual results for the year ended 31 December 2021 (the "**Announcement**"). Terms used herein shall have the same meanings as those defined in the Announcement unless the context requires otherwise.

The board of directors of the Company (the "**Board**") is pleased to announce that the Company's auditor, PricewaterhouseCoopers Zhong Tian LLP ("**PwC**"), has completed its audit of the annual results of the Group for the year ended 31 December 2021 (the "**2021 Results**") in accordance with the Accounting Standard for Business Enterprises - Basic Standard issued by the Ministry of Finance. PwC has also issued an audit report with standard unqualified opinion for the audited annual results, which is consistent with the 2021 Results in the Announcement in all material respects. For further details, please refer to the 2021 Annual Report of the Company to be published in due course on or before 30 April 2022.

SUPPLEMENTARY FINANCIAL INFORMATION TO THE UNAUDITED ANNUAL RESULTS

Upon completion of the audit, PwC has provided supplementary financial information to the unaudited annual results of the Group as follows:

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

1. Bonds payable

	31 December 2020	Increase in the current year	Exchange differences	Interest accrued at par value	Amortisation of premium or discount	Repayment in the current year	Share transfer in the current year	Transfer to interest payable	31 December 2021
Electric convertible bond (a)	4,119,056	-	-	4,973	(85,612)	(1,342,153)	(2,691,291)	(4,973)	-
Super & short-term commercial paper (b)	-	1,500,000	-	6,016	-	(1,500,000)	-	(6,016)	-
18 Electric MTN001 (c)	2,485,142	-	-	103,750	5,303	-	-	(103,750)	2,490,445
	6,604,198								2,490,445
Less: Current portion of bonds payable	(4,119,056)								-
	2,485,142								2,490,445

(a) The Group issued convertible bonds of RMB6 billion on 2 February 2015, which were all redeemed in February 2021. The annual coupon rate is: 0.2% in the first year, 0.5% in the second year, 1.0% in the third year, 1.5% in the fourth year, 1.5% in the fifth year, 1.6% in the sixth year, and a lump sum repayment at maturity.

After deducting the issuance costs of convertible bonds of RMB6 billion, the debt portion of RMB4,745,903 thousand was included in the bonds payable, and the equity portion of RMB1,214,919 thousand was included in the capital surplus. As at the end of the conversion period on 2 February 2021, the convertible bonds have been fully redeemed.

(b) The Group issued the first phase of 2021 super & short-term commercial paper 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 proposed total issuance is RMB1.5 billion, and the actual total issuance is RMB1.5 billion. The interest rate was 2.40% and the issuance is based on the face value. As at 8 June 2021, the commercial paper was fully redeemed.

(c) The Group issued the first phase of 2018 medium-term note (MTN) of Shanghai Electric Group Co., Ltd. on 13 December 2018, with a maturity of 5 years. The value date was 17 December 2018, and the redemption date is 17 December 2023. The proposed total issuance is RMB2.5 billion, and the actual total issuance is RMB2.5 billion. The interest rate was 4.15% (the Shanghai Interbank Offered Rate for the three months on 14 December 2018 plus 1%), and the issuance is based on the face value.

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

2. Taxes and surcharges

	For the year ended 31 December 2021	For the year ended 31 December 2020
City maintenance and construction tax	141,144	133,083
Real estate tax	119,893	122,124
Educational surcharge	107,186	107,548
Stamp tax	110,057	121,072
Land use tax	35,197	31,162
Others	49,391	32,774
	562,868	547,763

3. 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, etc.; industrial internet services; financial services, covering financing leases and insurance brokerage and property services and etc.

Management monitors the results of the business units separately for the purpose of making decisions on resource allocation and performance assessment. Segment performance is evaluated based on reported segment profit. Segment profit is an indicator of adjusted total profit, which is consistent with the Group's total profit but excludes interest income, financial expenses, dividend income, gains from changes in fair value of financial instruments and expenses of headquarters.

Financial assets held for trading, derivatives, dividends receivable, interest receivable, long-term equity investments, debt investments, other debt investments, investment in other equity instruments, other non-current financial assets, goodwill, deferred tax assets and other undistributed assets of headquarters are not included in segment assets, which are under the unified management of the Group. Financial liabilities, derivatives, dividends payable, interest payable, borrowings, income taxes payable, deferred tax liabilities and other undistributed liabilities of headquarters are not included in segment liabilities, which are under the unified management of the Group. Inter-segment transfer prices are measured by reference to the prices of transactions with third parties.

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

3. Segment information (Cont'd)

(a) Segment information as at and for the year ended 31 December 2021 was as follows:

	Energy equipment	Industrial equipment	Integration service	Others	Unallocated	Elimination	Total
Revenue							
Including: Revenue from external customers	55,785,337	39,327,765	36,180,826	74,395	19,529	-	131,387,852
Inter-segment revenue	3,438,767	2,913,470	3,270,931	131,914	156,632	(9,911,714)	-
	59,224,104	42,241,235	39,451,757	206,309	176,161	(9,911,714)	131,387,852
Operating cost	48,634,439	35,328,595	36,992,068	75,271	-	(9,443,455)	111,586,918
Credit impairment losses	559,097	8,013,608	2,447,363	165	8,383,872	(8,417,143)	10,986,962
Asset impairment losses	1,209,677	2,629,268	1,012,169	-	64,478	(390,260)	4,525,332
Depreciation and amortisation	994,385	545,492	817,389	29,223	238,938	-	2,625,427
Financial expenses	-	-	-	-	1,127,410	-	1,127,410
Share of profit of associates and joint ventures	-	-	-	-	22,785	-	22,785
Operating profit/(loss)	535,110	(8,104,168)	(1,520,490)	(142,826)	(9,272,856)	7,666,766	(10,838,464)
Non-operating income or expenses							548,825
Total loss							(10,289,639)
Assets and liabilities							
Total assets	120,744,980	62,575,322	156,567,563	714,825	64,255,704	(104,056,204)	300,802,190
Total liabilities	81,790,164	41,666,402	113,038,321	294,435	66,919,942	(101,051,427)	202,657,837
Non-cash expenses other than depreciation and amortisation	1,941,170	87,339	3,889,594	46,894	180,496	-	6,145,493
Increase in non-current assets	1,554,869	950,395	2,183,885	164,023	42,829	-	4,896,001

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

3. Segment information (Cont'd)

(b) Segment information as at and for the year ended 31 December 2020 was as follows:

	Energy equipment	Industrial equipment	Integration service	Others	Unallocated	Elimination	Total
Revenue							
Including: Revenue from external customers	49,143,016	39,684,678	48,120,618	262,685	74,059	-	137,285,056
Inter-segment revenue	6,817,044	2,492,598	4,111,142	73,567	95,341	(13,589,692)	-
	55,960,060	42,177,276	52,231,760	336,252	169,400	(13,589,692)	137,285,056
Operating cost	46,452,388	34,988,218	45,982,774	197,572	2,119	(13,345,527)	114,277,544
Credit impairment losses	282,774	365,130	947,020	4,224	185,874	(51,139)	1,733,883
Asset impairment losses	524,376	527,212	48,133	17,986	-	-	1,117,707
Depreciation and amortisation	1,295,511	895,653	502,287	125,306	256,312	-	3,075,069
Financial expenses	-	-	-	-	1,870,351	-	1,870,351
Share of profit of associates and joint ventures	-	-	-	-	912,466	-	912,466
Operating profit/(loss)	1,640,163	1,427,586	4,160,621	(280,105)	(934,699)	49,471	6,063,037
Non-operating income or expenses	-	-	-	-	-	-	283,402
Total profit							6,346,439
Assets and liabilities							
Total assets	111,763,492	68,092,747	176,739,792	1,325,350	70,695,678	(113,214,325)	315,402,734
Total liabilities	75,525,459	39,935,661	126,189,619	789,829	67,147,605	(101,034,781)	208,553,392
Non-cash expenses other than depreciation and amortisation	1,729,566	188,321	1,864,328	5,861	15,303	-	3,803,379
Increase in non-current assets	2,533,930	1,785,692	4,311,921	42,250	100,113	-	8,773,906

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

3. Segment information (Cont'd)

(c) Revenue from external customers

	For the year ended 31 December 2021	For the year ended 31 December 2020
Mainland China	107,587,482	115,644,213
Other countries and geographical areas	23,800,370	21,640,843
	131,387,852	137,285,056

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

(d) Total non-current assets

	For the year ended 31 December 2021	For the year ended 31 December 2020
Mainland China	60,547,694	57,194,881
Other countries and geographical areas	8,955,539	11,777,310
	69,503,233	68,972,191

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

In 2021 and 2020, there was no single customer of the Group whose revenue exceeded 10% of the Group's revenue.

OVERVIEW OF THE COMPANY'S OPERATING SEGMENTS

During the reporting period, the energy equipment segment achieved a revenue of RMB59,224 million, representing an increase of 5.83% as compared with the corresponding period of previous year, which was mainly attributable to a faster growth of wind power equipment business in the segment; during the reporting period, the gross profit ratio of the energy equipment segment reached 17.88%, representing an increase of 0.89 percent point as compared with the corresponding period of previous year.

The industrial equipment segment achieved a revenue of RMB42,241 million, representing a slight year-on-year increase; during the reporting period, the gross profit ratio of the industrial equipment segment was 16.36%, representing a decrease of 0.68 percent point as compared with the corresponding period of previous year .

The integrated services segment achieved a revenue of RMB39,452 million, representing a decrease of 24.47% as compared with the corresponding period of previous year, which was mainly attributable to the decrease in revenue from engineering and services business; during the reporting period, the gross profit ratio of the integrated services segment was 6.24%, representing a decrease of 5.72 percent points as compared with the corresponding period of previous year, primarily due to the increase in operating costs of overseas engineering projects and fluctuations in raw material prices.

Unit: 100 million; Currency: RMB

Principal business by segment						
By segment	Revenue	Operating cost	Gross profit margin (%)	Year-on-year increase/decrease in revenue (%)	Year-on-year increase/decrease in operating cost (%)	Year-on-year increase/decrease in gross profit margin (%)
Energy Equipment	592.24	486.34	17.88	5.83	4.70	An increase of 0.89 percentage point
Industrial equipment	422.41	353.29	16.36	0.15	0.97	A decrease of 0.68 percentage point
Integration Services	394.52	369.92	6.24	-24.47	-19.55	A decrease of 5.72 percentage points
Principal business by geographic location						
Geographic location	Revenue	Operating cost	Gross profit margin (%)	Year-on-year increase/decrease in revenue (%)	Year-on-year increase/decrease in operating cost (%)	Year-on-year increase/decrease in gross profit margin (%)
Mainland China	1,075.87	866.79	19.43	-6.97	-8.09	An increase of 0. 98 percentage point
Other countries/regions	238.01	249.08	-4.65	9.98	26.31	A decrease of 13. 53 percentage points

DIVIDEND

The Board has resolved not to declare a dividend for the year ended 31 December 2021.

CLOSURE OF REGISTER OF MEMBERS

The Company will notify shareholders on a later date about the date of the annual general meeting for the year ended 31 December 2021 of the Company and the corresponding arrangement for closure of register of members.

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

Shanghai, the PRC, 18 April 2022

As at the date of this announcement, the executive directors of the Company are Ms. LENG Weiqing, Mr. LIU Ping and Mr. ZHU Zhaokai; the non-executive directors of the Company are 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*