



2024

INTERIM REPORT

Shanghai Electric Group Company Limited

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CORPORATE INFORMATION

Corporate Information

Legal name of the Company (Chinese)	上海電氣集團股份有限公司
Abbreviated legal name of the Company (Chinese)	上海電氣
Legal name of the Company (English)	Shanghai Electric Group Company Limited
Abbreviated legal name of the Company (English)	Shanghai Electric
Company's legal representative	Wu Lei
Company's authorized representatives	Wu Lei
Company's alternative authorized representative	Fu Min
Joint Company Secretaries	Fu Min, Leung Kwan Wai

Contact Person and Contact Details

	Secretary to the Board
Name	Fu Min (acting secretary to the Board)
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Summary of Basic Information

Registered address	No. 16 Lane 1100, Huashan Road, Shanghai (zip code: 200052)
Business address	No. 110 Sichuan Middle Road, Huangpu District, Shanghai (zip code: 200002)
Company website	http://www.shanghai-electric.com
Company email	service@shanghai-electric.com

Information Disclosure and Place for Inspection

Company's designated newspapers for information disclosure	China Securities Journal, Shanghai Securities News, Securities Times
The Company's interim report available at	Office of the Board of the Company
Website designated for publishing interim report required by China Securities Regulatory Commission	www.sse.com.cn
Website designated for publishing interim report required by The Stock Exchange of Hong Kong Limited	www.hkexnews.hk

Summary Information of the Company's Shares

Class of Shares	Place of Listing of Shares	Abbreviation of Shares	Stock Code
A shares	The Shanghai Stock Exchange	上海電氣	601727
H shares	The Stock Exchange of Hong Kong Limited	SH ELECTRIC	02727

Share Registrar and Transfer Office

A shares: Shanghai Branch of China Securities Depository and Clearing Corporation Limited

H shares: Computershare Hong Kong Investor Services Limited

Other Relevant Information

Date of incorporation of the Company	1 March 2004
Place of incorporation of the Company	Shanghai, PRC
Legal advisers appointed by the Company as to PRC laws	Grandall Law Firm (Shanghai)
Legal advisers appointed by the Company as to Hong Kong laws and U.S. laws	Clifford Chance

PERFORMANCE HIGHLIGHTS

- Total revenue of the Company for first half of 2024 was **RMB49,869 million**, a decrease of **6.0%** as compared with the corresponding period of last year

- Profit attributable to owners of the Company for first half of 2024 was **RMB602 million**, an increase of **2.0%** as compared with the corresponding period of last year

- Basic earnings per share of the Company for first half of 2024 was **RMB0.039 yuan**, an increase of **2.6%** as compared with the corresponding period of last year

- New orders for first half of 2024 amounted to **RMB83.66 billion**

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

CHAIRMAN'S STATEMENT



Chairman Wu Lei

Since 2024, the international situation has been complex and dynamic, while the domestic economy has remained generally stable, continuing its trend of recovery and improvement. During the reporting period for six months ended 30 June 2024 (the "Reporting Period"), faced with increasing challenges such as the complexity, severity, and rising uncertainty of the external environment, we have closely focused on serving national strategic priorities, leveraged technological innovation as driving force, continuously developed new quality productive forces and enhanced the core competitiveness of the Group, leading the green, low-carbon transformation and high-quality development, and solidly advancing the comprehensive implementation of the Group's "14th Five-Year Plan" strategy.

Results Review

During the Reporting Period, the Company achieved total revenue of RMB49,869 million, representing a year-on-year decrease of 6.0%; and the gross profit margin of the Company was 19.2%, representing a year-on-year increase of 1.9 percentage points. The net profit attributable to owners of the Company for the Reporting Period was RMB602 million, representing a year-on-year increase of 2.0%. The basic earnings per share of the Company for the Reporting Period was RMB0.039 yuan, representing a year-on-year increase of 2.6%.

During the Reporting Period, the Company obtained new orders in the amount of RMB83.66 billion. Among the new orders of the Company, orders for energy equipment amounted to RMB48.45 billion (of which orders for nuclear power equipment, coal-fired power equipment, energy storage equipment and wind power equipment amounted to RMB4.33 billion, RMB21.99 billion, RMB5.39 billion and RMB6.01 billion, respectively), orders for industrial equipment amounted to RMB22.58 billion, and orders for integration services amounted to RMB12.63 billion.

During the Reporting Period, the main business operation of the Company is as follows:

Insisting on Scientific and Technological Innovation and Talent Leadership to Deepen the Driving Force of Scientific and Technological Innovation

We adhered to the fundamental principle of scientific and technological innovation of "steadfastly following the path of high-level Sci-tech self-reliance and self-strengthening, supporting the high-quality development of industries, and deepening the organized construction of a technological innovation system." With focusing on national strategic needs and major initiatives in Shanghai and aligning with the Group's strategic objectives, we integrated innovation resources, optimized innovation layout, constructed a "2+X" open technological innovation system. We further increased our research investment, promoted the transformation of scientific achievements, and improved the efficiency of research input and output. During the Reporting Period, we signed comprehensive strategic cooperation agreements with Shanghai Jiao Tong University and Tsinghua University respectively and will continue to strengthen collaboration with domestic universities and research institutions with professional expertise to promote the in-depth

integration of industry, university and research, extend the innovation chain, build an innovation ecosystem, and actively practice the concept of connotative development. We issued the Shanghai Electric Technology Innovation Opinions (2024 Edition) (《上海電氣科技創新若干意見(2024版)》) to further accelerate the construction of an open technological innovation system, create a high-level science and technology innovation platform, cultivate a team of high-quality innovative talents, and foster a favorable environment for technological innovation. During the Reporting Period, the project of "Core Technology and Equipment for Precision Manufacturing of High-Capacity Lithium-Ion Batteries" (《大容量鋰離子電池精準製造核心技術與裝備》) completed by Shenzhen Yinghe Technology Co., Ltd. ("Yinghe Technology"), a subsidiary of the Company, in collaboration with Huazhong University of Science and Technology and other units, won the second prize for National Science and Technology Progress in 2023. The project of "R&D and Industrialization of 600MW High-Temperature Gas-Cooled Reactor Main Equipment" (《600MW高溫氣冷堆主設備研發及產業化》) jointly declared by us and Tsinghua University won the Excellent Project Award for Shanghai Industry-University-Research Cooperation in 2023.

We have established a high-end equipment industry layout through cutting-edge technology, achieving breakthroughs in relevant core technological areas. We are one of the core suppliers of the world's first all-high-temperature superconducting Tokamak device, the Honghuang 70 (《洪荒70》), which realized plasma discharges and successfully completed the engineering feasibility verification, marking China's leading advantage in the field of high-temperature superconducting magnetic confinement fusion. We undertook the manufacturing of three core components of the device's main system, the external vacuum vessel, vacuum chamber, and inner and outer cold screens, providing strong support for the successful operation of the device. We have achieved 100% localization of the Hualong series shaft sealed nuclear main pump, the batch production and processing of F-class G50 heavy-duty gas turbine blades, and preliminary engineering application of precision machining technology for domestically produced heavy-duty gas turbine blades. The production of the first domestically-produced FB2 medium-pressure rotor forging for the 660MW ultra-supercritical unit, jointly developed including us, marks a breakthrough in the field of high-end material in the advanced equipment manufacturing

industry. We released the world's largest generator for offshore floating platforms, considering the unique operating environment of offshore floating power platforms and filling the gap in the application of high-capacity generators in the domestic floating power station sector. Leveraging digital simulation technology, intelligent manufacturing technology, and evaluation and testing technology, Shanghai Mitsubishi Elevator Co., Ltd. ("SMEC"), a subsidiary of the Company, focused on breakthroughs in core technology and key components, and released a 12.5 meters per second ultra-high-speed elevator, setting a new speed record for elevators made in China and fully covering the current demand for elevators in super high-rise buildings.

Aligned with national "dual-carbon" goals and the strategy to build a new power system, we have actively promoted the development of technology and products in the new energy field, accelerating the layout of the industrial chain capabilities in new tracks. In the field of energy storage technology, we have developed and manufactured a series of products in new energy storage areas, such as lithium battery energy storage, vanadium redox flow energy storage, compressed air energy storage, solar thermal molten salt energy storage and flywheel energy storage. In the field of hydrogen energy technology, we have comprehensively entered the main equipment areas of the whole industry chain including "production, storage, refueling, and use", and promoted the key core technology breakthroughs of electrolyzer and hydrogen production systems. During the Reporting Period, we released a new generation of Z-series alkaline electrolyzer product with single-unit hydrogen production capacity covering 50-3000 Nm³/h, providing customers with high-efficiency, high reliability and low-cost electrolysis water hydrogen production products. In the field of wind power technology, we adhere to a forward-looking layout and actively build a sustainable industry ecosystem. During the Reporting Period, we released the world's largest 16MW low-frequency offshore wind turbine and built the world's largest wind power testing platform. In the field of photovoltaic technology, we launched the "Thinking" series of smart modules with multifunctional intelligent control and the "Boundless" series of modules, designed to address issues such as water accumulation, snow accumulation and dust accumulation, effectively improving the power generation of the modules.

CHAIRMAN'S STATEMENT

Regarding scientific and technological talent development, we prioritize the strategy of "talent as the primary resource". We invest in the introduction, training, and cultivation of scientific and technological innovation talents to support Shanghai Electric's high-quality development. Aligned with the development path of "technology promotion and transformation upgrade", we have concentrated on building a talent pool consisting of managers, outstanding engineers and skilled craftsmen, aiming to cultivate excellent talents and activate the intrinsic driving force of enterprise development. During the Reporting Period, Shanghai No.1 Machine Tool Works Co., Ltd., a subsidiary of the Company, was honored with the title of "National Outstanding Engineering Team" at the first "National Engineer Award". We have accelerated the construction of a high-skilled talent pool to provide robust talent and skill support for building a world-class equipment enterprise. During the Reporting Period, we established the Institute of Intelligent Manufacturing Craftsmen (智能製造工匠學院) to focus on the Group's development directions and actively cultivate scarce and versatile craftsman talents. We improved the system for cultivating technological talents by combining independent cultivation with external recruitment to nurture a team of technologically skilled talents who are systematic, specialized, knowledgeable in their fields, and capable of practical application. We further optimized the selection mechanism for technology experts, strengthened the reserve of young scientific and technological talents, established various talent development bases, created an open and harmonious innovation environment, enhanced the incentive mechanism for research and development personnel and provided comprehensive talent support to further stimulate the creative potential of technological talents.

Deepening the Manufacturing of High-end Equipment to Continuously Forge Core Competitiveness

We delved deep into the field of high-end equipment manufacturing, actively seized the opportunities presented by national energy policies, supported the construction of new power systems, and continuously honed the core competitive advantages of Shanghai Electric.

In the field of nuclear power, Shanghai Electric, as the only enterprise in China with the most complete nuclear power equipment manufacturing industry chain, has a complete set of nuclear power technology routes and the ability to manufacture key main equipment for nuclear islands, and our

comprehensive market share continues to lead. During the Reporting Period, we undertook a total of 14 nuclear island main equipment units and successfully produced 12 nuclear island main equipment units and 1 set of conventional island equipment. The 168-hour trial operation test of the No. 4 unit of Fangchenggang Nuclear Power Plant, for which we supplied a complete set of conventional island steam turbine generator equipment including steam turbine, generator and auxiliary equipment, as well as nuclear island main equipment such as reactor internals and control rod drive mechanisms, has been completed, and it is now ready for commercial operation and marks the completion of the Fangchenggang Nuclear Power Phase II project. The first non-nuclear steam impulse test of Zhangzhou Nuclear Power Plant No.1 steam turbine generator unit supplied by Shanghai Electric was successful, which is the first unit under batch construction of the "Hualong No.1" after the integration of CNNC's independent third-generation nuclear power, and also the first nuclear power turbine generator unit with a rated power of 1200MW of Shanghai Electric.

In the field of high-efficiency clean energy, leveraging on our technology and market accumulation in the thermal power sector, we have made efforts towards the market of "three reforms linkages" (三改聯動) of coal-fired power generation stations, maintained the global record for the lowest coal consumption of coal-fired power units, achieved coal saving and carbon reduction, deep peak modulation, thermal electric decoupling and efficient heating, and continued to play an important role in building a clean, low-carbon, safe and efficient energy system. During the Reporting Period, we successively won the bids for Hubei Energy Jiangling Phase II Expansion 2 × 660MW secondary reheat coal-fired unit project, the supporting Jinchang 2 × 1000MW peak modulation coal power project of Gansu Tengger Desert Hexi New Energy Base, Rongsheng Jintang 2 × 660MW project and other orders, fully reflecting the performance advantages and long-term safe and stable operation advantages of our ultra-supercritical unit products. During the Reporting Period, we entered into the gas turbine long-term service contracts with Shenzhen Energy Group for the Chaozhou Shenzhen Energy Ganlu Thermal Power Project and Chaozhou Shenzhen Energy Fengquan Thermal Power Project, and entered into the gas turbine long-term service contract with Danyang Huahai for the Danyang Gas Power Project. All of these projects use Shanghai Electric's 100MW gas-steam combined cycle unit equipment, expanding the scale of the Small F gas turbine long-term service units

and promoting the development of independent small F gas turbine long-term service.

In the field of elevator equipment, SMEC adheres to the development path of "product-service dual-drive", promotes quality management that maximizes the user's entire life cycle value. During the Reporting Period, SMEC won the bid for elevator equipment for the first phase of Shanghai Metro Line 21 (including the eastern extension), the first phase of Line 23, and the western extension of Line 12, injecting new energy and vitality into improving Shanghai's public transportation network and enhancing economic development along the lines. SMEC continues to promote the development of service industrialization. During the Reporting Period, the proportion of service revenue from installation, renovation and maintenance businesses to the elevator business revenue reached over 40%.

For our business in industrial basic parts such as blades, bearings, fasteners and tools, we adhered to the vision of "becoming a world-leading provider of solutions on industrial basic parts and the major force in replacement of imported medium- and high-end basic parts in China", continued to make efforts in product high-end and localization, industry category integration and expansion, as well as promotion of the development of industrial chain distribution clusters, and has developed "professional, refined, featured and innovative" business clusters with high quality. Our blade business has achieved a leap from traditional coal-fired power turbines industry to the aviation, aerospace, and gas turbine industries, and upgraded from single energy blade business to various high-end products such as aviation blades, key core components, and hot end components, becoming a leading enterprise in the manufacturing of key core components in the "gas turbine and aircraft engine" field. Our bearing business continues to expand its market in fields such as aerospace and aviation, high-speed rail transit, medical equipment, industrial equipment, and automotive bearings.

In the field of aviation assembly and manufacturing lines, we rely on our advanced manufacturing capabilities and integrated equipment strength to provide safe and controllable intelligent solutions for high-end manufacturing customers such as aircraft manufacturer and aviation engine manufacturer, and as a part of China's aviation industry, we are committed to

building independent and controllable localization capabilities. During the Reporting Period, Broetje, a subsidiary of the Company, won the contract for the aircraft assembly line in China from an international aircraft manufacturer, and will achieve localized delivery of the "turnkey" project through Broetje Shanghai, leading the sustainable development of the aerospace business on an ongoing basis.

In the field of intelligent transport, the transformation line project of the Nanjing Metro Airport Line, implemented by Thales SEC Transportation System Limited Company, a subsidiary of the Company, has been officially open to passengers. This project is the first ATO+ technology transformation application in China, which retains the existing driving mode and adds ATO+ driving mode to achieve operation scenarios similar to fully-automated operation, thereby facilitating the intelligent upgrade of urban rail transit. During the Reporting Period, we won the bid for the signal system integration projects of Changchun Metro Line 9 (Airport Line) Phase I and Qingdao Metro Line 8 branch line, supported the open operation of the southern extension of Hefei Metro Line 4, contributing to the rapid development of the city and convenient travel for the masses.

We have actively created the "Shanghai Electric Scheme" for the digital intelligence transformation of energy and high-end equipment. We strengthened the construction of cloud computing, industrial Internet, artificial intelligence, blockchain and other digital infrastructure and the application of cutting-edge technology, to closely integrate with the industry, promote the efficient complementation and synergy of all entities in the digital industry ecosystem, expand the new scene of digital intelligence integration and application, and create industry benchmark projects, forming industry influence. Basing on the "SEunicloud" industrial internet platform, we give full play to the advantages of scenarios, and explore the application value of smart supply chain. Following the national "dual carbon" goal, we have created the "Xinglian Dual Energy Carbon Manager" and formed a multi-level industrial digital carbon management platform. The National Industrial Digital Carbon Management Public Service Platform of the Ministry of Industry and Information Technology, of which we participated in the construction, has passed the project acceptance, marking our successful demonstration application in the field of digital carbon management platform construction.

CHAIRMAN'S STATEMENT



Promoting the Layout of the New Energy Industry to Accelerate the Development of New Quality Productive Forces

Shanghai Electric actively explored and strategically laid out in the field of new energy. As a pioneer in the "dual carbon" goals and a leader in new energy equipment, we leveraged technological integration advantages, actively crafted a series of solutions including energy of wind power, photovoltaic, energy storage and hydrogen energy and the integrated "source-grid-load-storage" system, constructing comprehensive new power systems and "three-dimensional" holistic solutions for zero-carbon industrial parks.

In the field of energy storage, we actively deployed technologies such as compressed air energy storage and liquid flow energy storage, building a diverse energy storage industry ecosystem. During the Reporting Period, the Hubei Yingcheng 300MW compressed air energy storage power plant demonstration project that we participated the construction in achieved grid connection, setting three world records in single unit power, energy storage scale, and conversion efficiency. This project is a national pilot demonstration project for new energy storage and has been selected as the first major technical equipment in the third batch of the national energy field. The Jiangsu Guoxin Suyan Compressed

Air Energy Storage Project, which we provided complete set of equipment including expansion turbine, air-cooled generator, cold molten salt storage tank and hot molten salt storage tank, can store energy for up to 8 hours and generate electricity for 4.5 hours after completion and is currently the largest compressed air energy storage project in terms of total installed capacity. During the Reporting Period, with our profound technical expertise in the field of all vanadium flow batteries, we won the bid for the 10MW/20MWh all vanadium flow energy storage system in the Jiangsu Guanyun energy storage project.

In the field of hydrogen energy, relying on our technology accumulation in high-end equipment manufacturing and system integration, we have the core equipment supply capability for the entire industry chain of "production, storage, transportation and utilization" in hydrogen energy, providing users with a system solution of "renewable energy power generation + electrolysis hydrogen production + green chemical industry/production, storage and hydrogenation integrated station/hydrogen energy storage". The Taonan wind power coupled biomass green methanol integrated demonstration project invested and constructed by the Company will be the one of the first batch of green hydrogen coupled biomass gasification for green methanol production projects in China, and also one of the key demonstration

projects of the "Hydrogen Powered Jilin" project. It adopts a combination scheme of 8000 Nm³/h alkaline electrolysis water hydrogen production system and 200 Nm³/h PEM electrolysis water hydrogen production system, uses wind power and electrolyzer for flexible hydrogen production, and coupled with biomass gasification to produce green methanol that meets the EU ISCC standards. During the Reporting Period, we continued to make efforts in the alkaline and PEM electrolyzed water markets, won hydrogen energy orders in multiple fields such as electricity, transportation and chemical industry, and entered into contract for the 5-megawatt photovoltaic hydrogen production station project in Wenberg, France, achieving breakthroughs in overseas markets.

In the field of wind power, Shanghai Electric Wind Power Group Co., Ltd. (上海電氣風電集團股份有限公司) ("SEWP"), a subsidiary of the Company, continued to maintain its leading position in the field of offshore wind power. Based on the development concept of "be proficient in wind power and not limited in wind power" and years of accumulated experience in wind power, we provided customers comprehensive solutions for the entire lifecycle of wind power, and developed new application scenarios of "wind power+". During the Reporting Period, SEWP actively promoted market development, and won bids for over 3 million kilowatts of offshore and onshore projects. SEWP has completed the production of the world's largest capacity grid-type 10MW wind turbine at Dongtai Base. The wind turbine is customized and developed for the high wind speed environment in deserts and wasteland and large capacity model requirements. At the same time, the complete set of wind turbine has been specially designed for the environment of desert and wasteland, providing high-quality and cost-effective support for the construction of the large base. SEWP customized Asia's first offshore wind SOV mother ship "Zhi Zhen 100" has successfully completed the first domestic wind farm practical trial voyage in the Rudong wind farm area of State Power Investment Corporation, which will help SEWP provide customers with professional and advanced SOV mother ship transportation solutions, and further serve the development of deep offshore wind power in China.

In the field of photovoltaics, all of the UK's photovoltaic package projects undertaken by Shanghai Electric have been connected to the grid, marking the completion of our

first new energy project under the model of "investment and financing - construction - grid connection and power generation - operation" in overseas high-end market, laying the foundation for us to further develop projects in overseas high-end markets. During the Reporting Period, the 300.3KWp distributed photovoltaic power generation project of Shanghai Caolu bus parking lot we undertook has been officially launched. This project, being a key project in the "photovoltaic+" transportation sector in Shanghai, adopts the operation mode of "self-generation, self-consumption and surplus on-grid connection". It is expected to provide about 315,000 kilowatt hours of green electricity for Caolu bus every year with significant energy-saving and emission reduction benefits.

Outlook

Looking forward to the second half of 2024, we will firmly grasp the main working philosophy of "serving national strategy, developing new quality productive forces and achieving high-quality development", actively integrate into the national strategy of building a strong manufacturing country, closely align with actions to deepen and enhance the reform of state-owned enterprises, deepen reforms, accelerate transformation and upgrading, steadfastly pursue excellence, continuously enhance core competitiveness. We will stand in the forefront in the high-end, intelligent and green revolutions, break new roads in accelerating the development of new quality productive forces, and pioneer in serving the high-level Sci-tech self-reliance and self-strengthening, leading high-quality development under the guidance of the "dual carbon" strategic goals empowered by technology and accelerating the transformation of Shanghai Electric into a world-class equipment enterprise.

Chairman

Wu Lei

Shanghai, the PRC

30 August 2024

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Company achieved total revenue of RMB49,869 million, representing a year-on-year decrease of 6.0%; the net profit attributable to owners of the Company was RMB602 million, an increase of 2.0% as compared with the corresponding period of last year.

Principal Activities and Operation Review of the Company

Energy Equipment

During the Reporting Period, the energy equipment segment achieved total revenue of RMB24,654 million, representing a year-on-year decrease of 3.98%, which was mainly due to the decrease in sales revenue of wind power equipment business caused by insufficient new orders in 2023 while most of new orders in the first half of 2024 unavailable for delivery. During the Reporting Period, the gross profit ratio of the energy equipment segment was 20.1%, representing a year-on-year increase of 1.9 percentage points, which was mainly attributable to the improvement of gross profit margin of coal-fired power generation equipment business.

Industrial Equipment

During the Reporting Period, the industrial equipment segment achieved total revenue of RMB18,959 million, representing a year-on-year decrease of 3.31%, which was mainly due to the impact of the real estate industry on the elevator business, resulting in a decrease in revenue scale. During the Reporting Period, the gross profit margin of the industrial equipment segment was 17.4%, slightly higher than the corresponding period of last year.

Integration Services

During the Reporting Period, the integration services segment achieved total revenue of RMB7,961 million, representing a year-on-year decrease of 22.44%, which was mainly due to the decrease of sales revenue of engineering projects compared to corresponding period of last year. During the Reporting Period, the gross profit ratio of the integration services segment was 16.6%, representing a year-on-year increase of 4.0 percentage points, which was mainly due to the increase in the proportion of sales from high-margin engineering and services business.

Major Financial Data and Indicators

Unit: '000; Currency: RMB

	As at the end of the Reporting Period	As at the end of last year	Increase/decrease as at the end of the Reporting Period as compared to the end of last year (%)
Total assets	282,295,166	283,266,567	(0.34)
Equity attributable to owners of the Company	53,400,522	52,797,888	1.14
Net assets per share attributable to owners of the Company (Yuan/share)	3.43	3.39	1.14

Unit: '000; Currency: RMB

	January to June 2024	January to June 2023	Year-on-year Change (%)
Total revenue	49,868,517	53,077,946	(6.05)
Operating revenue	49,554,334	52,859,907	(6.25)
Operating profit	2,357,757	1,857,552	26.93
Total profit	2,403,171	1,822,273	31.88
Net profit attributable to owners of the Company	601,744	590,363	1.93
Basic earnings per share (Yuan/share)	0.039	0.038	2.63
Weighted average return on net assets (%)	1.13	1.09	an increase of 0.04 percentage point
Net cash flow generated from operating activities	(202,352)	(4,329,587)	N/A
Net cash flow per share generated from operating activities (Yuan)	(0.01)	(0.28)	N/A

Major Financial Reporting Items and Analysis of Changes

Unit: 100 million; Currency: RMB

	January to June 2024	January to June 2023	Year-on-year Change (%)
Operating revenue	495.54	528.60	(6.25)
Operating cost	402.26	438.50	(8.26)
Selling and distribution expenses	13.62	14.26 (note)	(4.49)
General and administrative expenses	33.82	33.80	0.06
Research and development expenditures	23.27	23.27	-
Financial expenses	2.02	2.91	(30.58)
Net cash flows from operating activities	(2.02)	(43.30)	N/A
Net cash flows from investing activities	38.22	(6.66)	N/A
Net cash flows from financing activities	5.27	(31.84)	N/A

Note: In accordance with the "Compilation of Application Guide to the Accounting Standards for Business Enterprises 2024" (《企業會計準則應用指南彙編2024》) issued by the Ministry of Finance, the Company has classed the assurance-type warranty expenses related to sales of products from main operations to cost of sales from 1 January 2024, and restated the comparative data for the six months ended 30 June 2023 pursuant to the changes in accounting policies with the adjustment amount of RMB319,197 thousand.

MANAGEMENT DISCUSSION AND ANALYSIS

Analyses of Changes

Reasons for change in financial expenses: mainly due to the decrease in financial expenses compared to the corresponding period of last year resulted from the Company's optimization of fund management.

Reasons for change in net cash flows from operating activities: mainly due to the increase of collection rate of operating business compared to the corresponding period of last year resulted from the Company's continuing to strengthen accounts receivable management.

Reasons for change in net cash flows from investing activities: mainly due to the decrease of the financial product investment expenditure of Shanghai Electric Group Finance Company Limited, a subsidiary of the Company, compared to the corresponding period of last year.

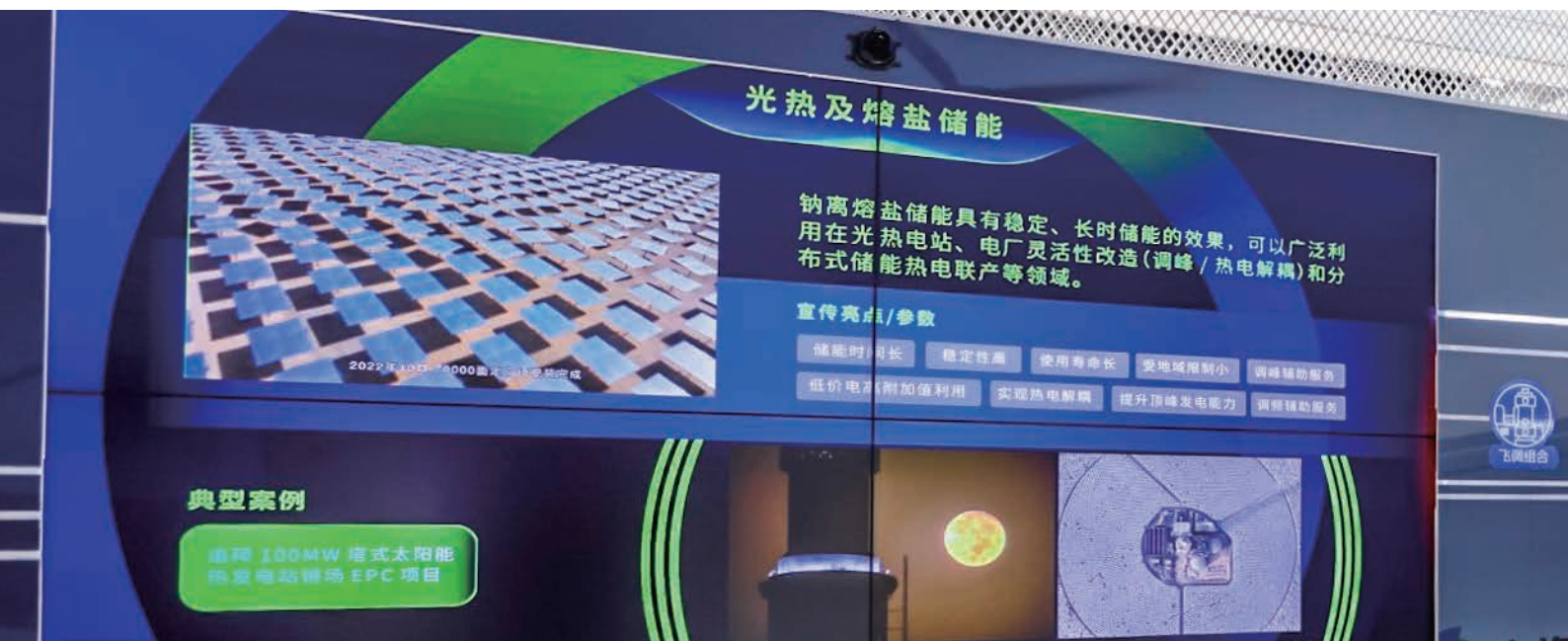
Reasons for change in net cash flows from financing activities: mainly due to cash outflow from financing activities arising from the acquisition of minority shareholder equity in subsidiaries of the Company during the corresponding period of last year.

Assets and Liabilities

As of 30 June 2024, the Group had total assets of RMB282,295 million (31 December 2023: RMB283,267 million), representing a decrease of RMB972 million, or 0.3%, compared with that of the beginning of the year. Among which, current assets were RMB189,471 million (31 December 2023: RMB191,827 million), representing a decrease of RMB2,356 million from the beginning of the year and accounting for 67.1% of the total assets, and non-current assets were RMB92,825 million (31 December 2023: RMB91,440 million), representing an increase of RMB1,385 million from the beginning of the year and accounting for 32.9% of the total assets.

As at 30 June 2024, total liabilities of the Group were RMB204,669 million (31 December 2023: RMB206,340 million), representing a decrease of RMB1,671 million, or 0.8%, compared with that of the beginning of the year. Total current liabilities decreased by RMB742 million from the beginning of the year to RMB166,983 million (31 December 2023: RMB167,725 million). Total non-current liabilities decreased by RMB929 million from the beginning of the year to RMB37,686 million (31 December 2023: RMB38,615 million).

As at 30 June 2024, total net current assets of the Group were RMB22,488 million (31 December 2023: RMB24,102 million), representing a decrease of RMB1,614 million from the beginning of the year.



Source of Funding and Indebtedness

As at 30 June 2024, the Group had an aggregate amount of bank and other borrowings and bonds of RMB48,252 million (31 December 2023: RMB46,047 million), representing an increase of RMB2,205 million as compared with that as of the beginning of the year. Borrowings and bonds repayable by the Group within one year amounted to RMB17,041 million, representing an increase of RMB2,637 million as compared with that as of the beginning of the year. Borrowings and bonds repayable after one year amounted to RMB31,211 million, representing a decrease of RMB432 million as compared with that of the beginning of the year.

As of 30 June 2024, among the Group's bank and other borrowings,

(1) The unsecured borrowings

borrowings denominated in US dollars amounted to USD202,800 thousand in total (31 December 2023: USD337,000 thousand), equivalent to RMB1,445,315 thousand (31 December 2023: RMB2,386,870 thousand); borrowings denominated in Euros amounted to EUR213,969 thousand in total (31 December 2023: EUR456,619 thousand), equivalent to RMB1,639,369 thousand (31 December 2023: RMB3,588,658 thousand); borrowings denominated in Hong Kong dollars amounted to HKD500,000 thousand in total (31 December 2023: HKD499,989 thousand), equivalent to RMB456,340 thousand (31 December 2023: RMB453,100 thousand).

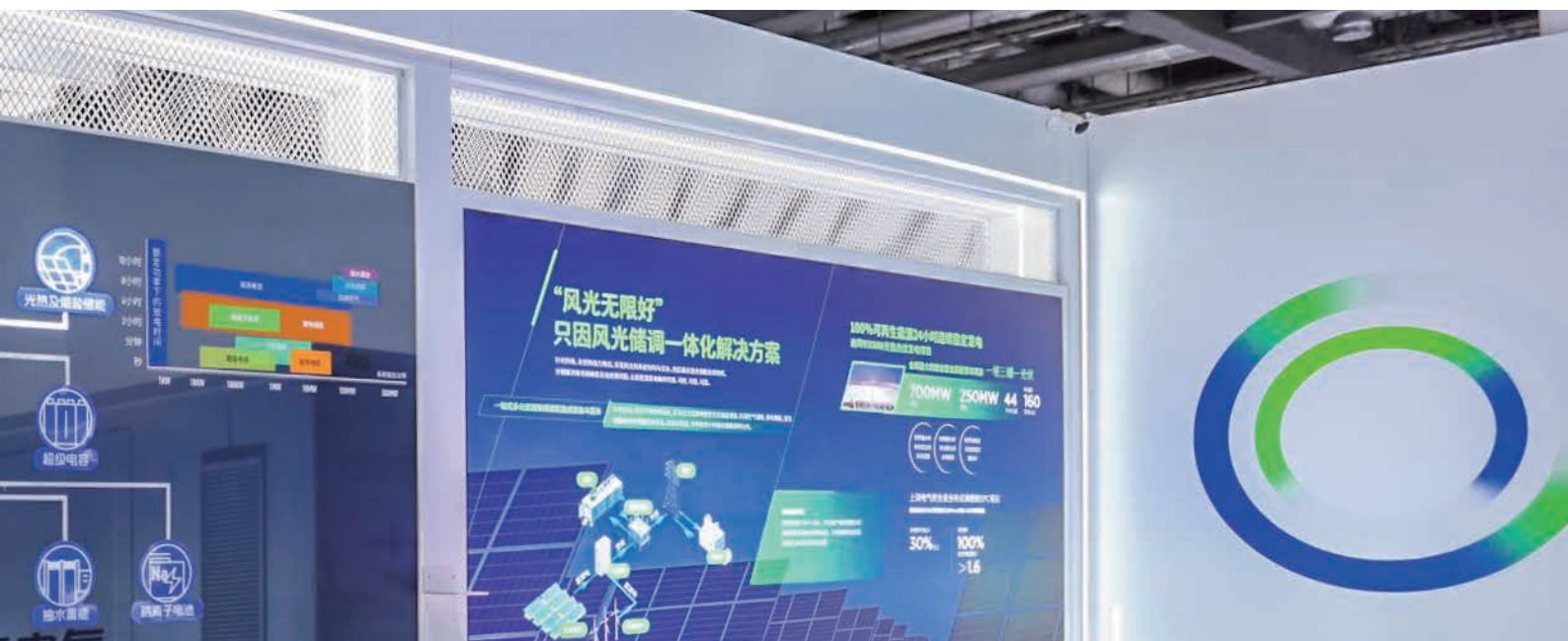
(2) The secured bank borrowings

borrowings denominated in US dollars amounted to USD4,502 thousand (31 December 2023: USD4,502 thousand), equivalent to RMB32,085 thousand (31 December 2023: RMB31,886 thousand); borrowings denominated in Euros amounted to EUR3,935 thousand (31 December 2023: EUR4,202 thousand), equivalent to RMB30,148 thousand (31 December 2023: RMB33,021 thousand).

(3) The bank guaranteed borrowings

borrowings denominated in US dollars amounted to USD97,834 thousand (31 December 2023: USD122,876 thousand), equivalent to RMB697,243 thousand (31 December 2023: RMB799,469 thousand); borrowings denominated in Euros amounted to EUR228,750 thousand (31 December 2023: EUR95,000 thousand), equivalent to RMB1,752,614 thousand (31 December 2023: RMB746,624 thousand).

(4) All other bank and other borrowings of the Group were denominated in RMB.



MANAGEMENT DISCUSSION AND ANALYSIS

Pledge of Assets

As at 30 June 2024, the Group's bank deposits amounted to RMB962 million (31 December 2023: RMB1,379 million), receivable financing amounted to RMB0 million (31 December 2023: RMB12 million), notes receivable with a carrying amount of RMB0 million (31 December 2023: RMB4 million) and machinery and equipment, houses and buildings, investment real estate, land and right of use assets with a carrying amount of RMB2,336 million (31 December 2023: RMB1,922 million) were secured to banks to obtain bank borrowings or credit facilities. Part of the Group's bank borrowings was secured by the Group's accounts receivable and long-term receivables, with a carrying amount of RMB2,491 million (31 December 2023: RMB2,351 million).

Gearing Ratio

As at 30 June 2024, the gearing ratio of the Group, which represents the ratio of the sum of interest-bearing bank and other borrowings, bonds, lease liabilities and deposits from customers and super short-term financing bills to the sum of total equity of the shareholders plus interest-bearing bank and other

borrowings, bonds, lease liabilities and deposits from customers and super short-term financing bills, was 41.86%, representing an increase of 0.27 percentage point as compared with 41.59% at the beginning of the year.

Contingent Liabilities

Please refer to note 20 to the unaudited interim consolidated financial information for details.

Capital Commitments

Please refer to note 21 to the unaudited interim consolidated financial information for details.

Capital Expenditure

Total capital expenditure of the Group for the Reporting Period was approximately RMB2,001 million (first half year of 2023: RMB2,662 million), which had been applied towards upgrading of production technologies and production equipment.



Potential Risks

Market Risks

Equipment manufacturing industry is highly correlated with national economic growth. Changes in macro economy, national policy amendment, infrastructure construction investment scale, urbanization progress and cyclical fluctuations in industry development may bring about impacts to the sustainable development of the Company. Meanwhile, the energy industry is at the critical point of the new and old system, market competition in the field of new energy is everywhere and is becoming increasingly fierce, and industrial structure is accelerating the green and low-carbon transition, which brings the Company new opportunities and challenges.

In this regard, the Company will actively participate in the national energy transformation strategy of "building new power system with new energy as the main body" to accelerate the green, low-carbon, digitalization, intelligentization transition and improve core competitiveness. The Company will continue to pay attention to and regularly analyze the possible impact of global and domestic macroeconomic trends on the Company so as to develop responsive measures in a timely manner. Meanwhile, the Company will timely adjust management measures to raise its management efficiency and develop business model in an innovative manner to address all challenges from changes in the markets.

Raw Material Prices Fluctuation Risks

The procurement cost of the Company's principal businesses is impacted by the fluctuated price of bulk materials. Meanwhile, due to long cycle of some orders undertaken by the Company, the sharp fluctuations of raw material prices have greater impacts on the profitability of the Company.

In this regard, the Company will strengthen the monitoring and management of the quality of economic operation, pay close attention to changes in the operation quality, business structure and profitability of each business segment of the Group, continue to optimize the supply chain management system, further improve our cost control and pricing capabilities of purchase to actively control the risks on the Company from the fluctuations of raw material prices.

Exchange Rate Fluctuation Risks

The Company's businesses in power plant equipment, power plant engineering and power transmission and distribution

engineering involve export business and their contract amounts are large and usually denominated in US dollars. In the process of production, the Company needs to purchase imported equipment and components and the contracts are also denominated in major foreign currencies, such as US dollars. As the international trade situation has become increasingly severe and the exchange rate of RMB is relatively volatile, the Company's export business may be exposed to the risk of profit and loss fluctuations due to factors such as changes in the exchange rate and capital repatriation.

In this regard, the Company will utilize more hedging instruments, improve the hedging mechanism on the fluctuation of the exchange rate, and increase its RMB settlement scope in cross-border trades, lock-in certain exchange rates to reduce exchange risks and exercise better control over the costs of its overseas projects to avoid the adverse effects from exchange rate fluctuations.

Overseas Business Risks

Due to the continuous impact of factors such as macroeconomic environment and geopolitical uncertainty, some of the Company's overseas engineering projects are under various pressures such as higher labor costs and rising raw material costs. The overseas inflation and fluctuation of the foreign exchange rate also exerted negative effects on the profitability of overseas engineering projects. Meanwhile, the international situation is complex and severe. The risks and uncertainties in the overseas business of the Company have increased, and the possibility of risks arising from changes in the political and economic landscape of the locations where the Company operates overseas businesses has increased.

In this regard, the Company will pay close attention to and study the policy and environment of overseas markets, strengthen management and risk control and improve the hedging mechanism on the fluctuation of the exchange rate. The Company will engage in relevant insurance policies to cover related risks of its businesses and employees to maximize the protection over the interests of the Company. Meanwhile, the Company will implement its "localization strategy" in the overseas market, seeking to establish long-term cooperative relationships with the local customers so as to build up good market reputation in overseas.

MANAGEMENT DISCUSSION AND ANALYSIS

Significant Events

Pledge Release of Shares of the Company by Controlling Shareholder

Shanghai Electric Holding Group Co., Ltd. (上海電氣控股集團有限公司) ("SEGC") completed the offering of 2021 Non-Public Issuance of Exchangeable Corporate Bonds (Phase I) (the "21 Electric EB") using the A shares of the Company held by SEGC and its yields as the exchange objects on 23 March 2021, and completed registration procedures for the share pledge of 254,545,455 A shares of the Company on 15 March 2021. In accordance with the maintenance guarantee ratio and additional guarantee mechanism set out in the "Offering Memorandum for 2021 Non-Public Issuance of Exchangeable Corporate Bonds by Shanghai Electric (Group) Corporation (Phase I) (for eligible investors)", SEGC completed registration procedures for the supplemental share pledge of 30,000,000 A shares of the Company on 17 August 2021. 21 Electric EB was delisted on 25 March 2024 and had been exchanged for a total of 0 shares of the Company. SEGC completed the pledge release procedures for the 284,545,455 tradable shares of the Company on 29 March 2024 at China Securities Depository and Clearing Corporation Limited Shanghai Branch.

Pledge of Shares of the Company by Controlling Shareholder

SEGC completed the offering of 2024 Non-Public Issuance of Exchangeable Corporate Bonds to Professional Investors (Phase I) (the "24 Electric EB") using the A shares of the Company held by SEGC and its yields as the exchange objects on 27 March 2024, and completed registration procedures for the share pledge of 1,710,000,000 A shares of the Company on 15 March 2024. As of 30 June 2024, the number of the remaining pledged shares of SEGC was 1,710,000,000 A shares, which is used to guarantee the exchange of the Company's shares for holders of the exchangeable bonds and to provide guarantee for the principal and interest repayment of the bonds.

Change of Domicile of the Company and Proposed Amendments to the Articles of Association

Based on the actual situation of the Company, it was proposed to change the domicile of the Company from "30/F, Maxdo Center, No.8 Xingyi Road, Shanghai" to "No. 16 Lane 1100,

Huashan Road, Shanghai" and amendments to the relevant article of the articles of association of the Company. The change of domicile and the proposed amendments to the articles of association was approved at the 2023 annual general meeting of the Company.

Acquisition of 4.4415% Equity Interest in Shanghai Prime by SMEIC

On 13 May 2024, the Board considered and approved the relevant resolution, pursuant to which, Shanghai Mechanical & Electrical Industry Co., Ltd. (上海機電股份有限公司) ("SMEIC", a non-wholly owned subsidiary of the Company) was approved to acquire 4.4415% equity interest in Shanghai Prime Mingyu Machinery Technology Co., Ltd. (上海集優銘宇機械科技有限公司) ("Shanghai Prime", a non-wholly owned subsidiary of the Company) held by Shanghai Electric Group Hongkong Company Limited (a wholly-owned subsidiary of SEGC) in cash at a total consideration of approximately RMB236,216.7 thousand, which is based on the appraisal value of the total shareholders' equity in Shanghai Prime of RMB5,318,400 thousand, and the acquisition price is subject to the final equity valuation results filed with state-owned assets authorities. On 24 June 2024, the shareholders' meeting of SMEIC disapproved the relevant resolution, and the transaction was terminated.

Litigations in Relation to SECT

Shanghai Electric Communication Technology Co., Ltd. (上海電氣通訊技術有限公司) ("SECT"), a controlled subsidiary of the Company, filed petitions to the court in 2021, to request Beijing Capital Group Co., Ltd (北京首都創業集團有限公司) ("Capital Company") and Beijing Capital Group Company Limited Trading Branch (北京首都創業集團有限公司貿易分公司) ("Capital Trading") to settle the payment for goods in a total amount of approximately RMB1,193 million and the damages for breach of contract. In July 2022, SECT received the civil ruling issued by Shanghai No. 2 Intermediate People's Court (上海市第二中級人民法院) on the cases of SECT suing Capital Company and Capital Trading. The court held that after review, the facts involved in these cases were related to the contract fraud cases of Capital Company, which were filed and investigated by the Beijing Municipal Public Security Bureau. The court also held that the trial results of these cases must be based on the trial results of the contract fraud cases, and ruled that the cases be stayed.

SECT filed petitions to the court in 2021, to request Harbin Industrial Investment Group Co., Ltd. (哈爾濱工業投資集團有限公司) ("Harbin Industrial Investment") to settle the payment for goods in a total amount of approximately RMB392,973.5 thousand and the damages for breach of contract. In December 2021, SECT received the first - instance judgment regarding the cases of SECT suing Harbin Industrial Investment. In July 2022, SECT received the notice of response and the civil ruling issued by Shanghai Higher People's Court (上海市高級人民法院). The court held that after review, the cases should be based on the outcomes of other civil and commercial cases involving Sui Tianli and others and thus the appeal cases of Harbin Industrial Investment were ruled to be stayed by the court.

SECT filed petitions to the court in 2021, to request Fortune Industrial Corp. (富申實業公司) ("Fortune Industrial") to settle the payment for goods in a total amount of approximately RMB787,956.2 thousand and the damages for breach of contract. In November 2021, Fortune Industrial sued SECT for the return of the advance and payments for goods in a total

amount of approximately RMB97,741.8 thousand. During the period from May to June 2022, Shanghai Yangpu District People's Court (上海市楊浦區人民法院) ruled that the cases regarding SECT suing Fortune Industrial were stayed. In July 2022, SECT received the civil ruling issued by Shanghai Yangpu District People's Court on the cases of Fortune Industrial suing SECT. The court held that after review, the cases should be based on the outcomes of other cases, which had not been concluded yet, and ruled that the cases are stayed.

SECT filed petitions to the court in 2021, to request Nanjing Changjiang Electronics Group Co., Ltd. (南京長江電子信息產業集團有限公司) ("Nanjing Changjiang") to settle the payment for goods in a total amount of approximately RMB2,089,000.8 thousand and the damages for breach of contract. During the period from May to June 2022, Shanghai Yangpu District People's Court ruled that the cases regarding SECT suing Nanjing Changjiang were stayed.

Jiangsu Zhongli Group Co., Ltd. (江蘇中利集團股份有限公司) ("Jiangsu Zhongli") brought a claim against SECT



MANAGEMENT DISCUSSION AND ANALYSIS

to request payment for goods, the corresponding interest and attorney's fee for litigation in a total amount of approximately RMB545,075.7 thousand in 2021. In July 2022, SECT received notice of response, civil complaint and civil ruling and other materials from Shanghai Yangpu District People's Court. Jiangsu Zhongli applied for withdrawal of the lawsuits and re-litigated against SECT for payment for goods, the corresponding interest and attorney's fee for litigation in a total amount of approximately RMB544,348 thousand. Shanghai Yangpu District People's Court (上海市楊浦區人民法院), after consideration and review, held that as the cases had to be based on the outcomes of other case, and as the other case had not yet been concluded, the cases met the circumstances for statutory stay of litigation and ruled that the cases were stayed.

Material Arbitrations in Relation to the Sasan Project in India

In June 2008, the Company and Reliance Infra Projects (UK) Limited (the "Reliance UK"), entered into the Equipment Supply and Service Contract (the "Contract") with a contracted amount of USD1,311,000,000, pursuant to which, the Company (as the supplier) shall provide major equipment and relevant services for the project of Sasan 6*660MW Ultra Large Supercritical Coal-fired Power Station in India, Reliance Infrastructure Limited (the "Reliance") issued the letter of guarantee for the payment obligations of Reliance UK under the Contract, and Sasan Power Limited (the "Sasan Power") owned and operated the power station. Since Reliance UK still failed to pay for the equipment purchased and other relevant payables to the Company after the project commenced commercial operation for several years, the Company filed to the Singapore International Arbitration Centre ("SIAC") for arbitration in December 2019, requiring Reliance to pay for equipment purchased and other relevant payables in the amount of at least USD135,320,728.42 to the Company as agreed in the letter of guarantee issued by Reliance for Reliance UK (the "First Arbitration").

In December 2021, the Company received a notice of acceptance for an arbitration brought by Reliance UK against the Company issued by the SIAC, pursuant to which Reliance UK requested the Company to compensate for its losses of approximately USD388.75 million related to the contract. Reliance UK also believed that the letter of performance guarantee was unreasonably released and requested the

Company to issue a letter of performance guarantee in the amount of approximately USD120.175 million to guarantee its claims.

In December 2022, the Company received the award issued by SIAC for the First Arbitration, which ordered Reliance to pay the Company the sum of USD146,309,239.27.

In May 2023, the Company received a notice from the Singapore International Commercial Court ("SICC") that Reliance has filed an application to the SICC seeking to have the award for the First Arbitration by SIAC set aside in its entirety. The application was accepted by the SICC.

In January 2024, the Company received a notice from the SICC that the SICC had entered a judgment, rejecting Reliance's application to set aside the award for the First Arbitration in its entirety and also awarding Reliance to pay to the Company the litigation costs related to this case.

Litigations in Relation to SINOMECH

The Company provided loans totaling RMB1 billion to SINOMECH Engineering Group Co., Ltd. (中國能源工程集團有限公司) ("SINOMECH") in 2019 and 2020, and thereafter SINOMECH repaid the principal amount of RMB1 million and a portion of the interests. Upon the maturity and collections, both SINOMECH and the Guarantor have failed to fulfill their contractual obligations as agreed. The Company formally filed lawsuit with the Shanghai Financial Court (上海金融法院) and requested for order for SINOMECH shall repay the principal amount of the loan together with interest, penalty and compound interest; the Company is entitled to be repaid SINOMECH's debt to the Company on a preferential basis by way of discounting, auction or sales of the relevant equity interest of SINOMECH pledged by Shanghai Zhongyou Guodian Energy Co., Ltd. (上海中油國電能源有限公司) and Shanghai Changtai Electric Co., Ltd. (上海昌泰電氣有限公司); China Pufa Machinery Industry Co., Ltd. (中國浦發機械工業股份有限公司) and Zhongji Guoneng Engineering Co., Ltd. (中機國能工程有限公司) shall be jointly and severally liable for the relevant SINOMECH's debt; the defendants shall bear the litigation costs, legal fees and other expenses for realizing the creditor's rights. The Company received the notice of acceptance indicating that the cases have been filed by the court in September 2023.



Employees

On 30 June 2024, the Group had approximately 40,321 employees (30 June 2023: approximately 41,196). The Company set up a comprehensive system which synchronized the increase of employees' salaries with the improvement in labor productivity; thus, the level of wage increase of the Company and the wages adjustment of employees of various work positions can be determined reasonably. At the same time, while taking into account the internal fairness of the employee's salary income, the Company adheres to the performance orientation by taking the performance target as the foundation, strengthening the rigid assessment, and deducting all the performance salary of the year for those who fail to pass the annual assessment, so as to reasonably widen the salary gap. In the event of receiving party and government disciplinary punishment for violation of discipline and law, a salary recourse and deduction system has been established. Besides, the Company constantly insists on the general requirement of "Dual Inclination, Dual Care" and implements policies that tilted towards scientific and technological staff and the front-line technical workers.

During the Reporting Period, the Company did not implement any share incentive scheme, employee stock ownership plan or other employee incentives.

OTHER INFORMATION

Share Capital Structure

30 June 2024	Number of shares	Approximate percentage of issued share capital
A shares	12,655,327,092	81.23%
H shares	2,924,482,000	18.77%
Total	15,579,809,092	100.00%

Disclosure of Interests

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

The followings are interests and short positions of substantial shareholders as at 30 June 2024 as recorded in the register required to be kept by the Company pursuant to Section 336 of the Securities and Futures Ordinance, Hong Kong ("SFO") and as to the knowledge of the Company:

Name of Substantial Shareholder	Class of shares	Capacity	Note	Number of shares	Nature of Interest	Approximate percentage of shareholding in the relevant class of shares (%)	Approximate percentage of shareholding in the total issued share capital of the Company (%)
State-owned Assets Supervision and Administration Commission of Shanghai Municipal Government	A	Interest of controlled corporations	1	8,618,292,662	Long position	68.10	55.32
	H	Interest of controlled corporations	1	313,642,000	Long position	10.72	2.01
Shanghai Electric Holding Group Co., Ltd.	A	Beneficial owner	1	7,442,101,913	Long position	58.81	47.77
	H	Beneficial owner	1	280,708,000	Long position	9.60	1.80
Shanghai State-owned Capital Investment Co., Ltd.	H	Interest of controlled corporation	1,2	32,934,000	Long position	1.13	0.21
	A	Beneficial owner	1	785,298,555	Long position	6.21	5.04
Shenergy (Group) Company Limited	A	Beneficial owner	1	390,892,194	Long position	3.09	2.51

Notes

- (1) Shanghai Electric Holding Group Co., Ltd. (上海電氣控股集團有限公司), Shanghai State-owned Capital Investment Co., Ltd. (上海國有資本投資有限公司) and Shenergy (Group) Company Limited (申能(集團)有限公司) were wholly owned by State-owned Assets Supervision and Administration Commission of Shanghai Municipal Government (上海市國有資產監督管理委員會) and accordingly, their interests in the A shares and H shares of the Company were deemed to be the interests of State-owned Assets Supervision and Administration Commission of Shanghai Municipal Government.
- (2) Shanghai Electric Holding Group Co., Ltd. (上海電氣控股集團有限公司) through its wholly-owned subsidiary, Shanghai Electric Group Hongkong Company Limited (上海電氣集團香港有限公司), held H shares of the Company.

Save as disclosed above, the Company is not aware of any other person having any interests or short positions in the shares or underlying shares of the Company as at 30 June 2024 required to be recorded in the register kept by the Company pursuant to Section 336 of the SFO.

Directors', Supervisors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2024, none of the directors, supervisors or chief executives of the Company (as defined in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Hong Kong Listing Rules")) of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (as defined in the SFO), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise required to be notified by the directors, supervisors or chief executives to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix C3 of the Hong Kong Listing Rules. Also, no right to acquire the aforementioned interests had been granted to the directors, supervisors or chief executives of the Company.

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 and Supervisors of the Company as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix C3 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 2024 to 30 June 2024. 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 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 ethics and compliance of employees and Directors; and to review the Company's compliance with the code provisions and disclosure in the "Corporate Governance Report".

During the Reporting Period, the Board is of the view that the Company has complied with the requirements of Corporate Governance Code contained in Appendix C1 to the Hong Kong Listing Rules (the "Code"). During the Reporting Period, except for the short-term vacancy caused by the resignation of the former chairman of the Board and the chief executive officer and the former executive director and president, the chairman of the Board of the Company was assumed by one person, who was mainly responsible for the strategic decisions of the Company, and the executive director and president of the Company was assumed by another person, who was fully responsible for the daily operation and execution of the Company. The Company considers that the roles and responsibilities of the Board and the management are clear and there is no concentration of management power.



OTHER INFORMATION

Directors, Supervisors and Senior Management

Changes in Directors, Supervisors and Senior Management of the Company

Name	Position	Change
Wu Lei	Executive Director and Chairman of the Board	Elected
Shao Jun	Non-executive Director	Elected
Lu Wen	Non-executive Director	Elected
Xiao Weihua	Vice President	Appointed
Jia Tinggang	Vice President	Appointed
Fu Min	Chief Financial Officer and Secretary to the Board (performing duty)	Appointed
Gu Zhiqiang	Chief Economist	Appointed
Zhang Yan	Chief Auditor and Chief Compliance Officer	Appointed
Liu Ping	Executive Director and President	Resigned
Yao Minfang	Non-executive Director	Resigned
Li An	Non-executive Director	Resigned
Chen Ganjin	Vice President	Resigned
Gu Zhiqiang	Vice President	Resigned
Fu Min	Chief Auditor and Chief Compliance Officer	Resigned
Zhou Zhiyan	Chief Financial Officer and Secretary to the Board	Resigned

As at the date of this report, the executive directors of the Company are Dr. Wu Lei and Mr. Zhu Zhaokai; the non-executive directors of the Company are Mr. Shao Jun and Ms. Lu Wen; 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 report, the Supervisors of the Company are Mr. Cai Xiaoqing, Mr. Han Quanzhi and Mr. Yuan Shengzhou.

On 23 August 2024, the Board considered and approved the relevant resolutions, pursuant to which, as Dr. Xi Juntong would soon complete six consecutive years of service as an independent non-executive director of the Company, it was agreed that Dr. Xi Juntong would cease to serve as an independent non-executive director, a member of the strategy committee, a member of the audit committee, the chairman and a member of the nomination committee, and the chairman and a member of the remuneration committee of the Company. Dr. Xi Juntong would continue to perform his duties as an independent non-executive director and in the special committees of the Board until the date of election of a new independent non-executive director by the shareholders of the Company at the general meeting. The Board approved to nominate Mr. Dong Jianhua as a candidate for director and Dr. Du Zhaohui as a candidate for independent non-executive director of the fifth session of the Board of the Company, with the term of office from the date on which their appointment is approved at the general meeting to the end of the term of the fifth session of the Board. On the same day, the supervisory committee considered and approved the relevant resolutions, pursuant to which, Mr. Cai Xiaoqing resigned as the



chairman of the supervisory committee and a supervisor of the Company due to personal reasons and Mr. Han Quanzhi resigned as a supervisor of the Company due to personal reasons. Mr. Cai Xiaoqing would continue to perform his duties as the chairman of the supervisory committee and a supervisor until the election of a new supervisor at the general meeting of the Company, and Mr. Han Quanzhi would continue to perform his duties as a supervisor until the election of a new supervisor at the general meeting of the Company. The supervisory committee agreed to nominate Mr. Xu Jianguo and Ms. Guo Haohuan as candidates for supervisor of the fifth session of the supervisory committee of the Company, with the terms of office from the date on which their appointment is approved at the general meeting to the end of the term of the fifth session of the supervisory committee. An extraordinary general meeting will be convened by the Company to approve the resolutions of appointment of director, independent non-executive director and supervisors.

Audit Committee

The Audit Committee is mainly responsible for the communication, supervision and review of the Company's internal and external audit work and providing professional advice to the Board. The Audit Committee has reviewed and confirmed the Group's interim results and interim financial report for the six months ended 30 June 2024 and has raised no objection to the accounting policies and practices adopted by the Group.

Changes in Accounting Policies

For details, please refer to note 3 to the unaudited interim consolidated financial information and the Company's announcement on changes in accounting policies published on 30 August 2024.

Purchase, Sale or Redemption of the Company's Securities

During the Reporting Period, no purchase, sale or redemption of the Company's listed securities (including sale of treasury

shares (as defined in the Hong Kong Listing Rules)) has been made by the Company or any of its subsidiaries.

As of the date of this report, the Company does not hold any treasury shares (including any treasury shares held or deposited in the Hong Kong CCASS).

Interim Dividend

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

Disclosure of Information and Investor Relations

The Company recognizes the importance of good communications with its investors. The Office of the Board, the department which has duties covering investor relations, has arranged interviews, site visits and reverse roadshows for investors. The team has also actively attended investors' forums to help investors gain a better understanding of the Company's operating results as well as its strategies and plans for future development. The Company will continue to make great efforts in investor relations work to further enhance its transparency.

By order of the Board

Wu Lei

Chairman

Shanghai, the PRC

30 August 2024

UNAUDITED INTERIM CONSOLIDATED BALANCE SHEET

	Notes	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Current assets			
Cash at bank and on hand		34,102,248	30,164,902
Clearing settlement funds		2,899	5,804
Placements with banks and other financial institutions		18,367,251	18,054,967
Held-for-trading financial assets		7,596,756	7,492,363
Derivative financial assets		351	12,798
Notes receivable		2,855,776	3,995,445
Accounts receivable	14	37,232,760	40,477,926
Receivables financing		832,075	1,354,944
Prepayments		10,010,437	9,511,724
Other receivables		5,689,325	5,984,167
Financial assets purchased under resale agreements		1,535,071	1,135,620
Inventories		34,083,103	32,423,705
Contract assets		22,237,270	21,913,397
Non-current assets due within one year		1,741,939	1,976,785
Other current assets		13,183,378	17,322,171
Total current assets		189,470,639	191,826,718
Non-current assets			
Loans and advances		9,310,573	7,370,067
Debt investments		152,436	152,570
Other debt investments		59,150	-
Long-term receivables		3,072,176	3,067,193
Long-term equity investments		11,064,251	11,001,371
Other non-current financial assets		7,088,762	7,339,112
Investment properties		561,185	608,798
Fixed assets	13	19,943,829	20,427,312
Constructions in progress		2,616,206	1,934,072
Right-of-use assets		1,553,105	1,410,284
Intangible assets		12,177,145	12,256,813
Research and development expenditures		18,526	31,661
Goodwill		3,203,397	3,244,929
Long-term deferred expenses		450,569	504,145
Deferred tax assets		8,418,321	8,300,768
Other non-current assets		13,134,896	13,790,754
Total non-current assets		92,824,527	91,439,849
TOTAL ASSETS		282,295,166	283,266,567

UNAUDITED INTERIM CONSOLIDATED BALANCE SHEET (CONT'D)

	Notes	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Current liabilities			
Short-term borrowings	16	9,392,394	8,272,416
Held-for-trading financial liabilities		25,760	34,435
Derivative financial liabilities		12,778	3,425
Notes payable		11,050,272	12,074,199
Accounts payable	15	57,471,931	59,610,479
Advances from customers		798,112	859,959
Contract liabilities		47,987,955	44,207,113
Proceeds from financial assets sold under repurchase agreements		-	1,000,000
Deposits from customers, banks and other financial institutions		6,100,890	7,270,530
Employee benefits payable		4,291,983	5,381,579
Taxes payable		1,763,335	2,466,028
Other payables		8,337,988	8,144,533
Non-current liabilities maturing within one year		6,796,437	6,898,720
Other current liabilities		12,953,299	11,501,165
Total current liabilities		166,983,134	167,724,581
Non-current liabilities			
Long-term borrowings	17	31,211,007	30,893,868
Bonds payable	18	-	749,300
Lease liabilities		1,337,835	1,150,996
Long-term payables		531,756	561,953
Deferred income		1,249,689	1,333,337
Long-term employee benefits payable		185,258	187,568
Provisions		2,488,836	3,028,758
Deferred tax liabilities		669,537	614,502
Other non-current liabilities		12,373	95,064
Total non-current liabilities		37,686,291	38,615,346
Total liabilities		204,669,425	206,339,927
Owners' equity			
Share capital	19	15,579,809	15,579,809
Capital surplus		19,476,900	19,476,900
Other comprehensive income		14,673	21,601
Special reserve		142,011	134,056
Surplus reserve		5,906,524	5,906,524
Retained earnings		12,280,605	11,678,998
Total equity attributable to equity owners of the Company		53,400,522	52,797,888
Minority interests		24,225,219	24,128,752
Total owners' equity		77,625,741	76,926,640
TOTAL LIABILITIES AND OWNERS' EQUITY		282,295,166	283,266,567

UNAUDITED INTERIM CONSOLIDATED INCOME STATEMENTS

	Notes	Unaudited Six months ended 30 June	
		2024 RMB'000	2023 RMB'000
Total revenue		49,868,517	53,077,946
Including: Operating revenue	8	49,554,334	52,859,907
Interest income	8	313,744	216,299
Income from handling charges and commissions	8	439	1,740
Total cost of sales		(47,840,034)	(51,631,988)
Including: Operating cost	8	(40,225,850)	(43,849,544)
Interest expenses	8	(50,131)	(41,038)
Handling charges and commissions expenses	8	(474)	(404)
Taxes and surcharges	9	(290,171)	(317,148)
Selling and distribution expenses		(1,361,893)	(1,425,781)
General and administrative expenses		(3,381,790)	(3,380,478)
Research and development expenditures		(2,327,462)	(2,327,078)
Financial expenses - net		(202,263)	(290,517)
Including: Interest expenses		(858,020)	(750,217)
Interest income		640,731	334,891
Add: Other income		501,009	441,291
Investment income		939,870	1,159,942
Including: Share of profit of associates and joint ventures		531,994	503,197
Exchange gain		4,533	10,223
(Losses)/Gains on changes in fair value		(319,889)	355,644
Losses from credit impairment		(394,088)	(948,647)
Losses from asset impairment		(407,058)	(629,260)
Gains on disposals of assets		4,897	22,401
Operating profit		2,357,757	1,857,552
Add: Non-operating income		69,594	53,969
Less: Non-operating expenses		(24,180)	(89,248)
Total profit		2,403,171	1,822,273
Less: Income tax expenses	10	(581,584)	(335,934)
Net profit		1,821,587	1,486,339
Attributable to equity owners of the Company		601,744	590,363
Minority interests		1,219,843	895,976

UNAUDITED INTERIM CONSOLIDATED INCOME STATEMENTS (CONT'D)

	Notes	Unaudited Six months ended 30 June	
		2024 RMB'000	2023 RMB'000
Other comprehensive income, net of tax		(5,719)	159,010
Attributable to shareholders of the parent company		(6,928)	141,985
Other comprehensive income that will be subsequently reclassified to profit or loss		(6,928)	141,985
Changes in fair value of other debt investments		4,295	100,213
Provision for credit impairment of receivables financing		(851)	(11,029)
Cash flow hedges, net of tax		(317)	(1,741)
Exchange differences on translation of foreign operations		(10,055)	54,542
Attributable to minority shareholders		1,209	17,025
Total comprehensive income		1,815,868	1,645,349
Attributable to equity owners of the parent company		594,816	732,348
Attributable to minority shareholders		1,221,052	913,001
Earnings per share			
Basic earnings per share (RMB Yuan)	11	0.039	0.038
Diluted earnings per share (RMB Yuan)	11	0.039	0.038

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Item	Note	Attributable to shareholders of the parent company							Minority interests	Total shareholders' equity
		Share capital	Capital surplus	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Sub-total		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 31 December 2022		15,579,809	21,837,822	(24,891)	143,786	5,906,524	11,419,263	54,862,313	39,331,854	94,194,167
Movements for the six months ended 30 June 2023										
Total comprehensive income										
Net loss		-	-	-	-	-	590,363	590,363	895,976	1,486,339
Other comprehensive income		-	-	141,985	-	-	-	141,985	17,025	159,010
Total comprehensive income for the period		-	-	141,985	-	-	590,363	732,348	913,001	1,645,349
Capital contribution and withdrawal by shareholders										
Increase in capital from minority shareholders		-	-	-	-	-	-	-	121,031	121,031
Equity transactions with minority shareholders		-	(2,518,290)	-	-	-	-	(2,518,290)	(7,485,925)	(10,004,215)
Addition of subsidiaries		-	-	-	-	-	-	-	14,356	14,356
Disposals of subsidiaries		-	-	-	-	-	-	-	(17,857)	(17,857)
Profit distribution										
Distribution to minority shareholders of subsidiaries		-	-	-	-	-	-	-	(996,004)	(996,004)
Appropriation to staff and workers' bonus and welfare fund		-	-	-	-	-	(118)	(118)	(243)	(361)
Special reserve										
Appropriation in the current period		-	-	-	26,234	-	-	26,234	8,148	34,382
Use in the current period		-	-	-	(24,767)	-	-	(24,767)	(9,003)	(33,770)
Balance at 30 June 2023		15,579,809	19,319,532	117,094	145,253	5,906,524	12,009,508	53,077,720	31,879,358	84,957,078

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONT'D)

Item	Note	Attributable to shareholders of the parent company							Minority interests	Total shareholders' equity
		Share capital	Capital surplus	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Sub-total		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 31 December 2023		15,579,809	19,476,900	21,601	134,056	5,906,524	11,678,998	52,797,888	24,128,752	76,926,640
Movements for the six months ended 30 June 2023										
Total comprehensive income										
Net loss		-	-	-	-	-	601,744	601,744	1,219,843	1,821,587
Other comprehensive income		-	-	(6,928)	-	-	-	(6,928)	1,209	(5,719)
Total comprehensive income for the period		-	-	(6,928)	-	-	601,744	594,816	1,221,052	1,815,868
Capital contribution and withdrawal by shareholders										
Increase in capital from minority shareholders		-	-	-	-	-	-	-	11,520	11,520
Equity transactions with minority shareholders		-	-	-	-	-	-	-	-	-
Addition of subsidiaries		-	-	-	-	-	-	-	40,000	40,000
Disposals of subsidiaries		-	-	-	-	-	-	-	(24,306)	(24,306)
Profit distribution										
Distribution to minority shareholders of subsidiaries		-	-	-	-	-	-	-	(1,155,005)	(1,155,005)
Appropriation to staff and workers' bonus and welfare fund		-	-	-	-	-	(137)	(137)	(280)	(417)
Special reserve										
Appropriation in the current period		-	-	-	79,746	-	-	79,746	9,575	89,321
Use in the current period		-	-	-	(71,791)	-	-	(71,791)	(6,089)	(77,880)
Balance at 30 June 2024		15,579,809	19,476,900	14,673	142,011	5,906,524	12,280,605	53,400,522	24,225,219	77,625,741

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Cash flows used in operating activities		
Cash received from sales of goods or rendering of services	61,191,591	57,395,789
Refund of taxes and surcharges	280,840	506,531
Cash received relating to other operating activities	2,015,357	2,043,262
Sub-total of cash inflows	63,487,788	59,945,582
Cash paid for goods and services	(45,489,850)	(45,456,605)
Cash paid to and on behalf of employees	(7,045,339)	(7,179,265)
Payments of taxes and surcharges	(2,495,972)	(2,660,495)
Cash paid relating to other operating activities	(8,658,979)	(8,978,804)
Sub-total of cash outflows	(63,690,140)	(64,275,169)
Net cash flows used in operating activities	(202,352)	(4,329,587)
Cash flows from/(used in) investing activities		
Cash received from disposal of investments	6,118,020	5,917,473
Cash received from returns on investments	611,147	534,741
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	129,796	199,310
Net cash received from disposal of subsidiaries and other business units	-	666,000
Cash received relating to other investing activities	203,023	-
Sub-total of cash inflows	7,061,986	7,317,524
Cash paid to acquire fixed assets, intangible assets and other long-term assets	(1,491,925)	(1,841,383)
Cash paid to acquire investments	(1,385,035)	(5,054,654)
Net cash repayments from acquisition of subsidiaries and other business units	(9,940)	-
Cash paid relating to other investing activities	(352,645)	(1,087,910)
Sub-total of cash outflows	(3,239,545)	(7,983,947)
Net cash flows from/(used in) investing activities	3,822,441	(666,423)
Cash flows from/(used in) financing activities		
Cash received from capital contributions	51,520	121,031
Including: Cash received by subsidiaries from capital contributions by minority shareholders	51,520	121,031
Cash received from borrowings	11,265,884	12,431,333
Cash received from debentures	1,500,000	-
Cash received relating to other financing activities	-	2,513
Sub-total of cash inflows	12,817,404	12,554,877
Cash repayments of borrowings	(10,582,021)	(3,989,074)
Cash payments for distribution of dividends, profits or interest expenses	(1,453,101)	(1,329,373)
Including: Cash payments for dividends or profits to minority shareholders by subsidiaries	(612,246)	(685,418)
Cash paid relating to other financing activities	(255,236)	(10,419,942)
Sub-total of cash outflows	(12,290,358)	(15,738,389)
Net cash flows from/(used in) financing activities	527,046	(3,183,512)
Effect of foreign exchange rate changes on cash and cash equivalents	14,031	138,857
Net increase/(decrease) in cash and cash equivalents	4,161,166	(8,040,665)
Add: Cash and cash equivalents at the beginning of the period	38,273,719	43,785,108
Cash and cash equivalents at the end of the period	42,434,885	35,744,443

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

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 No. 16, Lane 1100, Huashan Road, Changning District, Shanghai, the PRC.

During the half year, the Company and its subsidiaries (together the “Group”) are engaged in the following principal activities:

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

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

(c) the integrated services segment: providing 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.; providing industrial internet services; providing financial services, covering financing leases, factoring, asset management, insurance brokerage, etc.; providing park and property management services mainly based on industrial real estate, etc.

In the opinion of the directors of the Company, the parent and the ultimate holding company of the Group is Shanghai Electric Holding Group Co., Ltd (“SEGC”), 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 Shanghai Stock Exchange.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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 new Hong Kong Companies Ordinance came into effect on 3 March 2014. Certain related matters in the financial statements have been disclosed in accordance with the requirements of the Hong Kong Companies Ordinance.

3. STATEMENT OF COMPLIANCE WITH THE ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES AND CHANGES IN ACCOUNTING POLICIES

The financial statements of the Company for the six months ended 30 June 2024 are in compliance with the Accounting Standards for Business Enterprises, and truly and completely presented the consolidated financial position of the Company as at 30 June 2024 and their financial performance, cash flows and other information for the six months ended 30 June 2024.

The Ministry of Finance issued the "Compilation of Guidelines for the Application of Accounting Standards for Business Enterprises 2024" in 2024. The Group has adopted the above mentioned guideline in preparing the consolidated income statement for the six months ended 30 June 2024. The effects on the consolidated income statement for the six months ended 30 June 2023 are as follows:

(a) Presentation of Assurance-type Warranty Expenses

Description of the changes in the accounting policy	Line items	Amount RMB'000
For the six months ended 30 June 2023 The Group reclassified the assurance-type warranty expenses related to sales of products from main operations from selling and distribution expenses to cost of sales	Selling and distribution expenses	(319,197)
	Cost of sales	319,197

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

4. ESTIMATES

The Group continually evaluates the critical accounting estimates and key judgements applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the relevant circumstances.

(a) Critical judgements in applying the accounting policies

The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting year are outlined below:

Consolidation scope

Shanghai Mechanical & Electrical Industry Co., Ltd. (“SMEI”) is an A-share listed company listing on SSE. The Group is the single largest shareholder of SMEI with 48.81% of shares. The remaining shares in SMEI are widely held by many other shareholders, none of whose shares exceed 5% (since the date when SMEI is consolidated by the Group). Meanwhile, since the date of consolidation, there has been no history of other shareholders exercise their votes collectively or to outvote the Group. Therefore, although the Group holds less than half of the voting rights in SMEI, the Group has substantial control over SMEI and includes it in the consolidation scope.

The Group holds 50% of the equity of Shanghai Electric Transmission and Distribution Group Co., Ltd. and 1% of its potential share warrant and can dominate the control of its significant financial and operating policy decisions. Therefore, the Group has substantial control over it and includes it in the consolidation scope as a subsidiary.

The Group holds 28.39% of the shares of Shenzhen Yinghe Technology Co., Ltd. (“Yinghe Technology”), a company listed on the Shenzhen Stock Exchange, being the largest shareholder of the company. Wang Weidong, the second largest shareholder of Yinghe Technology, and Xu Xiaojun, the fifth largest shareholder of Yinghe Technology, relinquished their voting rights of a total of 19.01% of Yinghe Technology’s shares. Therefore, the Group holds 35.06% of the voting rights of Yinghe Technology. In addition to the above shareholders, the remaining shares are widely held by many other shareholders. Therefore, although the Group holds less than half of the voting rights in Yinghe Technology, the Group has substantial control over Yinghe Technology and includes it in the consolidation scope.

4. ESTIMATES (CONT'D)

(a) Critical judgements in applying the accounting policies (Cont'd)

Measurement of ECL

The Group calculates ECL based on the exposure at default and the ECL rates. The determination of the ECL rates is based on the probability of default and the loss given default or the ageing matrix. In determining the ECL rates, the Group uses data such as internal historical credit loss experience, and adjusts the historical data based on current conditions and forward-looking information.

When considering forward-looking information, the Group takes different macroeconomic scenarios into consideration. For the six months ended 30 June 2024, the economic scenario weights of "benchmark", "unfavourable" and "favourable" accounted for 60%, 30% and 10% (for the six months ended 30 June 2023: 60%, 30% and 10%) respectively. The Group regularly monitors and reviews important macroeconomic assumptions and parameters for calculating ECLs, including the risk of economic downturn, external market environment, technological environment, changes in customer profile, gross domestic product, production price index, industrial added value, broad money supply and completed investments in fixed assets.. For the six months ended 30 June 2024, the Group evaluated the relevant assumptions and parameters accordingly. The key macroeconomic parameters applied in various scenarios were mainly as follow:

	Economic scenarios		
	Benchmark	Unfavourable	Favourable
Gross domestic product	5.01%	4.50%	5.40%
Production price index	-0.78%	-1.80%	1.00%
Industrial added value	4.98%	4.20%	5.80%
Broad money supply	8.68%	6.60%	11.00%
Completed investments in fixed assets	4.49%	3.90%	5.40%

For the six months ended 30 June 2023, the key macroeconomic parameters applied by the Group in various scenarios were mainly as follow:

	Economic scenarios		
	Benchmark	Unfavourable	Favourable
Gross domestic product	5.10%	4.40%	6.70%
Production price index	-1.35%	-2.50%	0.20%
Industrial added value	4.85%	4.00%	5.50%
Broad money supply	10.86%	9.50%	12.20%
Completed investments in fixed assets	5.58%	3.90%	8.60%

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

4. ESTIMATES (CONT'D)

(a) Critical judgements in applying the accounting policies (Cont'd)

Classification of financial assets

Significant judgements made by the Group in the classification of financial assets include business model and analysis on contractual cash flow characteristics.

The Group determines the business model for financial asset management on the grouping basis, and factors to be considered include the methods for evaluating financial asset performance and reporting the financial asset performance to key management personnel, the risks affecting financial asset performance and corresponding management methods, the ways in which related business management personnel are remunerated, etc.

When assessing whether contractual cash flow characteristics of financial assets are consistent with basic loan arrangement, key judgements made by the Group include: the possibility of changes in time schedule or amount of the principal during the lifetime due to reasons such as repayment in advance; whether interest only includes time value of money, credit risks, other basic lending risks and considerations for costs and profits. For example, whether the amount of prepayment only reflects the principal outstanding and the interest based on the principal outstanding, as well as the reasonable compensation due to the early termination of the contract.

Determination of significant increase in credit risk and credit-impaired

When the Group classifies financial instruments into different stages, its criteria for significant increase in credit risk and credit-impaired are as follows:

The Group determines the significant increase in credit risk mainly based on the criteria such as any significant changes in one or more of the followings: the deteriorations in the business environment, internal and external credit rating, actual or expected operating results of the debtor and the significant decline in the value of collaterals or credit rating of guarantor which affects the probability of default.

The Group determines the occurrence of credit impaired mainly based on the criteria such as whether one or more of the following conditions exist: the debtor is suffering from significant financial difficulties, the debtor is undergoing a debt restructuring, or it is probable that the debtor will be bankrupted, etc

(b) Critical accounting estimates and assumptions

The key assumptions concerning the future and key factors of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting periods, are detailed below.

Revenue recognition of construction services

The Group recognises the revenue for a contract over a period using the percentage of completion method when the results of construction service can be estimated reliably.

Significant estimation and judgement are required in determining the percentage of completion, the contract performance costs incurred, the estimated total contract cost and the recoverability of the contract costs. Management mainly makes judgement based on past experience. Changes in the estimations of total contract revenue and costs and the outcome of contract performance may have significant impact on the revenue, cost of sales and the profit or loss for the current or subsequent periods.

4. ESTIMATES (CONT'D)

(b) Critical accounting estimates and assumptions (Cont'd)

Impairment of inventories to net realisable value

Impairment of inventories to net realisable value is based on the assessment of the possibility to sell in the future and the net realisable value of inventories. Identification of impairment of inventories requires judgements and estimates from management on the basis of obtaining conclusive evidence and considering the purpose for holding inventories and impact of events after the balance sheet date. Difference between the actual results and original estimates will have an impact on the carrying amount of inventories and accrual or reversal of provision for decline in the value of inventories for the period in which the estimates are changed.

Recognition of provisions

The Group estimates and makes provision for product warranties, estimated contract losses, penalty for delayed delivery, litigation compensation, financial guarantee contracts, etc. based on contract terms, available information and past experience. When such contingency forms a present obligation and it is probable that an outflow of economic benefits may incur if the obligation is fulfilled, the obligation is measured at best estimate.

Enterprise income tax

The Group is subject to income taxes in numerous jurisdictions. There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgement is required from the Group in determining the provision for income taxes in each of these jurisdictions. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets

At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to be applied to the period when the asset is realised or the liability is settled. When it is possible that taxable profit will be available to offset deductible losses, deferred tax assets are recognised with all un-utilised deductible losses. It requires management to exercise significant judgement to estimate the time and amount of future taxable profit, in combination of tax planning strategy, so as to determine the amount of deferred tax assets.

As stated in Note 10, some subsidiaries of the Group are high-tech enterprises. The “High-Tech Enterprise Certificate” is effective for three years. Upon expiration, application for high-tech enterprise should be submitted again to the relevant government authorities. Based on the past experience of reassessment for high-tech enterprise upon expiration and the actual condition of the subsidiaries, management considers that the subsidiaries are able to obtain the qualification for high-tech enterprises in future years, and therefore a preferential tax rate of 15% is used to calculate the corresponding deferred income tax. If some subsidiaries cannot obtain the qualification for high-tech enterprise upon expiration, then the subsidiaries are subject to a statutory tax rate of 25% for the calculation of the deferred income tax, which increases the recognised net deferred tax assets and decreases the deferred tax expenses.

Estimated useful lives of fixed assets

Estimated useful lives of fixed assets are reviewed by the Group at least at each year-end. Estimated useful lives of the assets are determined by management based on past experience of similar assets and the expected technical renovation. If significant changes occurred in the previous estimates, adjustment on depreciation expenses is carried out in the future period.

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

4. ESTIMATES (CONT'D)

(b) Critical accounting estimates and assumptions (Cont'd)

Impairment of non-current assets other than financial assets (except for goodwill)

The Group judges whether there exists impairment of non-current assets other than financial assets as at balance sheet date. Intangible assets with indefinite useful lives are tested for impairment annually. Non-current assets other than financial assets are subject to impairment tests when there is indication of impairment. An asset or asset group is impaired if the carrying amount exceeds their recoverable amounts, which is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. The fair value less costs to sell could be determined with reference to sales agreement price or observable market price of similar products in arm's length transaction less directly attributable incremental costs in assets disposal. management should estimate the expected future cash flows of an asset or asset group, and determine an appropriate discount rate for the calculation of the present value of future cash flows.

Impairment of goodwill

The Group tests at least annually whether goodwill has suffered any impairment. The recoverable amount of asset groups or groupings of asset groups is the present value of the future cash flows expected to be derived from them. These calculations require use of accounting estimates.

In determining the net amount of the fair value of asset groups less costs to sell, the Group adopted the market approach to estimate the fair value of asset groups based on the share price of the listed company or the ratio of the enterprise value divided by EBITDA after necessary adjustments. The key assumptions involved were mainly the share price of the listed company, ratio of enterprise value of listed company divided by EBITDA, control premium and discount for lack of liquidity.

If management revises the gross margin, the growth rate in the forecast period and the growth rate in the stable period that are used in the calculation of the future cash flows of asset groups and groups of asset groups, while the revised rates are lower/higher than those currently used, the Group will need to recognise further impairment against the increase/decrease of goodwill for its subsidiary.

If management revises the pre-tax discount rate applied to the discounted cash flows to the reasonable and possible extent, and the revised pre-tax discount rate is higher/lower than the one currently applied, the Group will need to recognise further impairment against the increase/decrease of goodwill for its subsidiary.

If the actual growth rate and gross profit margin are higher or the pre-tax discount rate is lower than management's estimates, the impairment loss of goodwill as previously recognised is not allowed to be reversed by the Group.

Evaluation of fair value

The fair value of a financial instrument that is not traded in an active market is determined by using a valuation technique. Valuation techniques include using prices of recent market transactions between knowledgeable and willing parties, reference to the current fair value of another financial asset that is substantially the same with this instrument, and discounted cash flow analysis, etc. When a valuation technique is used to determine the fair value of a financial instrument, management uses observable market inputs as opposed to entity-specific inputs to the maximum extent possible. The setting of the input involves certain judgements. If there is any discrepancy between the inputs and the actual results, material adjustments will be made to the fair value of the financial instruments.

5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The interim consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2024.

There have been no changes in the risk management department since year end.

5.2 LIQUIDITY RISK

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

5.3 FAIR VALUE ESTIMATION

The level in which fair value measurement is categorised is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONT'D)

5.3 FAIR VALUE ESTIMATION (CONT'D)

(1) Assets measured at fair value on a recurring basis

As at 30 June 2024, the assets measured at fair value on a recurring basis by the above three levels are analysed below:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets				
Financial assets held for trading -				
Investments in funds held for trading	6,286,003	-	-	6,286,003
Investments in equity instrument held for trading	178,141	-	-	178,141
Investments in debenture held for trading	577,931	-	-	577,931
Wealth management products	-	206,884	-	206,884
Non-hedging derivative financial assets	-	347,797	-	347,797
Derivative financial assets	-	351	-	351
Receivables Financing -				
Notes receivable at fair value through other comprehensive income	-	-	775,530	775,530
Accounts receivable at fair value through other comprehensive income	-	-	56,545	56,545
Other current assets-				
Interbank deposits	-	2,385,366	-	2,385,366
Other non-current financial assets	1,402,678	535,763	5,150,321	7,088,762
Total assets	8,444,753	3,476,161	5,982,396	17,903,310

As at 30 June 2024, the liabilities measured at fair value on a recurring basis by the above three levels were analysed below:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial liabilities				
Derivative financial liabilities	-	12,778	-	12,778
Financial liabilities held for trading	-	25,760	-	25,760
	-	38,538	-	38,538

5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONT'D)

5.3 FAIR VALUE ESTIMATION (CONT'D)

(1) Assets measured at fair value on a recurring basis (Cont'd)

As at 31 December 2023, the assets measured at fair value on a recurring basis by the above three levels are analysed below:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets				
Financial assets held for trading -				
Investments in funds held for trading	6,254,518	-	-	6,254,518
Investments in equity instrument held for trading	69,727	-	-	69,727
Investments in debenture held for trading	615,337	-	-	615,337
Wealth management products	-	206,885	-	206,885
Non-hedging derivative financial assets	-	345,896	-	345,896
Derivative financial assets	-	12,798	-	12,798
Receivables Financing -				
Notes receivable at fair value through other comprehensive income	-	-	1,242,567	1,242,567
Accounts receivable at fair value through other comprehensive income	-	-	112,377	112,377
Other current assets-				
Interbank deposits	-	4,244,935	-	4,244,935
Other non-current financial assets	1,604,695	543,945	5,190,472	7,339,112
Total assets	8,544,277	5,354,459	6,545,416	20,444,152

As at 31 December 2023, the liabilities measured at fair value on a recurring basis by the above three levels were analysed below:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial liabilities				
Derivative financial liabilities	-	3,425	-	3,425
Financial liabilities held for trading	-	34,435	-	34,435
	-	37,860	-	37,860

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

6. SEGMENT INFORMATION

Operating segment

The Group organises and manages its operating business in accordance with the nature of business and provision of goods and services. Each business segment of the Group is one operating group, providing goods and services with risks and rewards different from those of the other business segments.

The details of operating segments are as follows:

(a) the energy equipment segment: design, manufacture and sale of nuclear power equipment, energy storage equipment, coal-fired power generation and ancillary equipment, gas-fired power generation equipment, wind power equipment, hydrogen energy equipment, photovoltaic equipment, high-end chemical equipment; provision of grid and industrial intelligent power supply system solutions;

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

(c) the integrated services segment: providing 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; property management services mainly based on industrial real estate and etc.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, dividend income, earnings from fair value changes in financial instruments and headquarters expenses.

Segment assets do not include trading financial assets, derivatives, dividends receivable, interest receivable, long-term equity investment, debt investment, other debt investment, other equity instrument investment, other non current financial assets, goodwill, deferred income tax assets and other undistributed headquarters assets, which are under the unified management of the Group.

Segment liabilities do not include trading financial liabilities, derivatives, dividends payable, interest payable, borrowings, income tax payable, deferred income tax liabilities and other undistributed headquarters liabilities, which are under the unified management of the Group.

The transfer pricing between segments shall be determined by reference to the price adopted by the exchange to the third party.

6. SEGMENT INFORMATION (CONT'D)

(a) Segment information as at and for the six months ended 30 June 2024 was as follows(Unaudited):

	Energy equipment RMB'000	Industrial equipment RMB'000	Integration services RMB'000	Others RMB'000	Unallocated RMB'000	Elimination RMB'000	Total RMB'000
Segment revenue:							
Revenue from external customers	24,181,348	18,352,424	7,315,537	18,375	833	-	49,868,517
Inter-segment revenue	472,358	606,562	645,566	26,124	-	(1,750,610)	-
	<u>24,653,706</u>	<u>18,958,986</u>	<u>7,961,103</u>	<u>44,499</u>	<u>833</u>	<u>(1,750,610)</u>	<u>49,868,517</u>
Cost of sales	19,688,906	15,664,546	6,636,698	29,620	164	(1,743,479)	40,276,455
Losses from credit impairment	318,340	166,036	(117,280)	(211)	25,930	1,273	394,088
Losses from asset impairment	280,397	21,701	8,403	-	82,000	14,557	407,058
Depreciation and amortization	591,639	419,892	382,573	10,994	112,022	-	1,517,120
Finance expenses and exchange gain	-	-	-	-	197,730	-	197,730
Share of profits and losses of joint ventures and associates	-	-	-	-	531,994	-	531,994
	<u>1,137,257</u>	<u>706,351</u>	<u>693,000</u>	<u>(99,836)</u>	<u>(31,274)</u>	<u>(47,741)</u>	<u>2,357,757</u>
Operating profit/(loss)							
Other gains and losses							45,414
Profit before tax							<u>2,403,171</u>
Assets and liabilities							
Total assets	<u>142,182,238</u>	<u>63,055,247</u>	<u>103,538,680</u>	<u>1,129,975</u>	<u>14,321,024</u>	<u>(41,931,998)</u>	<u>282,295,166</u>
Total liabilities	<u>99,773,984</u>	<u>43,736,895</u>	<u>98,476,350</u>	<u>386,239</u>	<u>10,185,170</u>	<u>(47,889,213)</u>	<u>204,669,425</u>
Non-cash expenses other than depreciation and amortisation	192,124	156,469	74,933	-	-	-	423,526
Increase in non-current assets	<u>622,964</u>	<u>361,914</u>	<u>996,130</u>	<u>17,555</u>	<u>2,199</u>	<u>-</u>	<u>2,000,762</u>

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

6. SEGMENT INFORMATION (CONT'D)

(b) Segment information as at and for the six months ended 30 June 2023 was as follows(Unaudited):

	Energy equipment RMB'000	Industrial equipment RMB'000	Integration services RMB'000	Others RMB'000	Unallocated RMB'000	Elimination RMB'000	Total RMB'000
Segment revenue:							
Revenue from external customers	24,282,990	19,236,968	9,512,014	43,785	2,189	-	53,077,946
Inter-segment revenue	1,393,716	371,944	752,563	105	10,859	(2,529,187)	-
	<u>25,676,706</u>	<u>19,608,912</u>	<u>10,264,577</u>	<u>43,890</u>	<u>13,048</u>	<u>(2,529,187)</u>	<u>53,077,946</u>
Cost of sales	21,017,582	16,317,267	8,969,773	26,817	178	(2,440,631)	43,890,986
Losses from credit impairment	398,120	155,646	175,093	968	170,288	48,532	948,647
Losses from asset impairment	528,914	40,703	6,505	-	89,000	(35,862)	629,260
Depreciation and amortization	637,258	401,825	384,960	10,716	154,275	3	1,589,037
Finance expenses and exchange gain	-	-	-	-	280,294	-	280,294
Share of profits and losses of joint ventures and associates	-	-	-	-	503,197	-	503,197
Operating profit/(loss)	<u>518,323</u>	<u>779,320</u>	<u>581,018</u>	<u>(72,947)</u>	<u>298,935</u>	<u>(247,097)</u>	<u>1,857,552</u>
Other gains and losses							(35,279)
Profit before tax							<u>1,822,273</u>
Assets and liabilities							
Total assets	<u>134,232,890</u>	<u>65,332,368</u>	<u>131,482,624</u>	<u>821,518</u>	<u>18,856,101</u>	<u>(61,175,302)</u>	<u>289,550,199</u>
Total liabilities	<u>53,631,835</u>	<u>27,944,922</u>	<u>107,580,815</u>	<u>303,210</u>	<u>54,494,636</u>	<u>(39,362,297)</u>	<u>204,593,121</u>
Non-cash expenses other than depreciation and amortisation	<u>347,762</u>	<u>82,367</u>	<u>118,796</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>548,925</u>
Increase in non-current assets	<u>976,443</u>	<u>739,586</u>	<u>906,648</u>	<u>17,117</u>	<u>1,843</u>	<u>20,000</u>	<u>2,661,637</u>

6. SEGMENT INFORMATION (CONT'D)

(c) Revenue from external customers

	For the six months ended 30 June 2024 (Unaudited) RMB'000	For the six months ended 30 June 2023 (Unaudited) RMB'000
Mainland China	42,082,058	42,435,719
Other countries and geographical areas	7,786,459	10,642,227
	<u>49,868,517</u>	<u>53,077,946</u>

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

(d) Total non-current assets

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Mainland China	56,115,637	59,120,166
Other countries and geographical areas	4,333,311	6,089,973
	<u>60,448,948</u>	<u>65,210,139</u>

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

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

7. CHANGES OF CONSOLIDATION SCOPE

(1) For the six months ended 30 June 2024, subsidiaries newly incorporated or acquired and thus included in the consolidation scope are as follows:

Subsidiaries	Major business location	Place of registration	Nature of business	Shareholding (%)		Registered capital yuan
				Direct	Indirect	
Shanghai Orient Hub Integrated Energy Service Co., Ltd.	Shanghai	Shanghai	Production and supply of electric power and heat	60	-	RMB 160,000,000
3060 Hunta (Chifeng) Wind Power Co., Ltd.	Inner Mongolia Autonomous Region	Inner Mongolia Autonomous Region	Production and supply of electric power and heat	-	100	RMB 20,000,000
Shanghai Electric (Dandong) Energy Equipment Co., Ltd.	Liaoning	Liaoning	Production and supply of electric power and heat	-	100	RMB 10,000,000
Shanghai Electric Romania Co., Ltd.	Romania	Romania	Civil engineering construction	-	100	EUR 600,000
Shanghai Electric Green Energy Technology (Jilin) Co., Ltd.	Jilin	Jilin	Production and supply of electric power and heat	-	100	RMB 400,000,000
Taonan Green Energy Fuel Co., Ltd.	Jilin	Jilin	Petroleum, coal and other fuel processing	-	100	RMB 206,240,000
Taonan Green Energy Electric Co., Ltd.	Jilin	Jilin	Technology promotion and application services	-	100	RMB 117,500,000
Shanghai Electric Group Energy Co., Ltd.	Shanghai	Shanghai	Production and supply of electric power and heat	100	-	RMB 1,500,000,000
Shanghai Electric (Baicheng) Zhongfan New Energy Co., Ltd.	Jilin	Jilin	Production and supply of electric power and heat	-	100	RMB 2,000,000
Shanghai Electric (Tongyu) New Energy Co., Ltd.	Jilin	Jilin	Production and supply of electric power and heat	-	100	RMB 1,000,000
Shanghai Electric (Baicheng) Energy Storage Technology Development Co., Ltd.	Jilin	Jilin	Production and supply of electric power and heat	-	100	RMB 1,000,000
Shanghai Electric (Baicheng) Energy Storage Power Station Co., Ltd.	Jilin	Jilin	Production and supply of electric power and heat	-	100	RMB 1,000,000
Shanghai Electric (Wuhai) New Energy Co., Ltd.	Inner Mongolia Autonomous Region	Inner Mongolia Autonomous Region	Production and supply of electric power and heat	-	100	RMB 1,000,000
Shanghai Electric New Energy Development (Shandong) Co., Ltd.	Shandong	Shandong	Production and supply of electric power and heat	-	100	RMB 3,000,000
Shanghai Electric (Taonan) Shuanglong New Energy Co., Ltd.	Jilin	Jilin	Production and supply of electric power and heat	-	100	RMB 1,000,000
Gansu Liujiaxia Haobo New Energy Co., Ltd.	Gansu	Gansu	Production and supply of electric power and heat	-	100	RMB 5,000,000
Shanghai Electric (Baoshan) Energy Co., Ltd.	Yunnan	Yunnan	Production and supply of electric power and heat	-	100	RMB 1,000,000
Shanghai Electric (Shidian) New Energy Co., Ltd.	Yunnan	Yunnan	Production and supply of electric power and heat	-	100	RMB 1,000,000
Suzhou Dianzhong Fuel Injection Technology Co., Ltd.	Jiangsu	Jiangsu	Automobile manufacturing	-	100	RMB 150,000,000
Shanghai Electric (Tancheng) New Energy Co., Ltd.	Shandong	Shandong	Other services	-	70	RMB 399,000,000

Note : According to the articles of association of Shanghai Jinghuiwan Real Estate Co., Ltd., the Group can lead their major financial and operation decisions. Therefore, the Group has substantial control over the company and includes it in the scope of consolidation as a subsidiary.

7. CHANGES OF CONSOLIDATION SCOPE (CONT'D)

(2) Disposal of subsidiary

For the six months ended 30 June 2024, subsidiaries newly disposed and thus included in the consolidation scope are as follows:

Name of Subsidiary	Price of disposal RMB'000	Ratio of disposal	Method of disposal	Point of loss of control	Basis of judgment of point of loss of control	The difference between the disposal price and the disposal investment's net asset in the consolidated financial statement RMB'000	The amount of other comprehensive income related to the equity investment transferred to profit and loss RMB'000
Sikary (Huizhou) Technology Co., Ltd.	-	100%	Cancellation	17 June 2024	Completion of business cancellation registration	-	-
Wohlenberg Buchbindesysteme GmbH	-	100%	Cancellation	19 January 2024	Completion of business cancellation registration	-	-
Shanghai Xinpo Engineering Technology Co., Ltd.	-	100%	Cancellation	6 June 2024	Completion of business cancellation registration	-	-
Shanghai Tanzhen Laser Technology Co., Ltd.	-	54%	Bankruptcy	5 January 2024	Take-over by the bankruptcy manager appointed by the court	(19,022)	-
Shanghai Electric Chengguang Power Engineering Co., Ltd.	-	51%	Bankruptcy	7 January 2024	Take-over by the bankruptcy manager appointed by the court	69,094	-

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

8. REVENUE AND COST OF SALES

	For the six months ended 30 June 2024 (Unaudited) RMB'000	For the six months ended 30 June 2023 (Unaudited) RMB'000
Revenue from main operations	46,593,502	50,414,230
Revenue from other operations	2,960,832	2,445,677
Interest income	313,744	216,299
Income from handling charges and commissions	439	1,740
	49,868,517	53,077,946

	For the six months ended 30 June 2024 (Unaudited) RMB'000	For the six months ended 30 June 2023 (Unaudited) RMB'000
Cost of sales from main operations	38,727,456	42,637,571
Cost of sales from other operations	1,498,394	1,211,973
Interest expenses	50,131	41,038
Handling charges and commissions	474	404
	40,276,455	43,890,986

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 6.

Details of revenue from main operations are as follows:

	For the six months ended 30 June 2024 (Unaudited) RMB'000	For the six months ended 30 June 2023 (Unaudited) RMB'000
Sales of goods	37,953,744	38,980,719
Engineering construction	3,267,889	5,249,029
Rendering of services	5,371,869	6,184,482
	46,593,502	50,414,230

8. REVENUE AND COST OF SALES (CONTINUED)

Details of revenue from other operations are as follows:

	For the six months ended 30 June 2024 (Unaudited) RMB'000	For the six months ended 30 June 2023 (Unaudited) RMB'000
Sales of raw materials	2,365,946	1,838,463
Leasing income	196,023	278,781
Finance lease income	37,317	36,860
Others	361,546	291,573
	<u>2,960,832</u>	<u>2,445,677</u>

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

8. REVENUE AND COST OF SALES (CONTINUED)

For the six months ended 30 June 2024 (Unaudited)

	Sales of goods			Construction services					Total RMB'000
	China RMB'000	Other Asian countries/ geographical areas RMB'000	Other regions RMB'000	China RMB'000	Other Asian countries/ geographical areas RMB'000	Other regions RMB'000	Rendering of services RMB'000	Others RMB'000	
Revenue from main operations	33,278,328	556,205	4,119,211	1,786,045	1,151,699	330,145	5,371,869	-	46,593,502
Including: Recognised at a point in time	33,278,328	556,205	4,119,211	-	-	-	40,261	-	37,994,005
Recognised over a period of time	-	-	-	1,786,045	1,151,699	330,145	5,331,608	-	8,599,497
Revenue from other operations	736,747	28,632	1,600,567	-	-	-	7,937	586,949	2,960,832
	<u>34,015,075</u>	<u>584,837</u>	<u>5,719,778</u>	<u>1,786,045</u>	<u>1,151,699</u>	<u>330,145</u>	<u>5,379,806</u>	<u>586,949</u>	<u>49,554,334</u>

For the six months ended 30 June 2023 (Unaudited)

	Sales of goods			Construction services					Total RMB'000
	China RMB'000	Other Asian countries/ geographical areas RMB'000	Other regions RMB'000	China RMB'000	Other Asian countries/ geographical areas RMB'000	Other regions RMB'000	Rendering of services RMB'000	Others RMB'000	
Revenue from main operations	32,699,872	731,084	5,549,763	2,346,339	2,229,637	673,053	6,184,482	-	50,414,230
Including: Recognised at a point in time	32,699,872	731,084	5,549,763	-	-	-	54,486	-	39,035,205
Recognised over a period of time	-	-	-	2,346,339	2,229,637	673,053	6,129,996	-	11,379,025
Revenue from other operations	379,773	3,310	1,455,380	-	-	-	15,817	591,397	2,445,677
	<u>33,079,645</u>	<u>734,394</u>	<u>7,005,143</u>	<u>2,346,339</u>	<u>2,229,637</u>	<u>673,053</u>	<u>6,200,299</u>	<u>591,397</u>	<u>52,859,907</u>

9. TAXES AND SURCHARGES

	For the six months ended 30 June 2024 (Unaudited) RMB'000	For the six months ended 30 June 2023 (Unaudited) RMB'000
Property tax	70,940	69,905
City maintenance and construction tax	70,064	82,778
Stamp duty	49,632	46,607
Educational surcharge	47,235	59,936
Land use tax	17,974	19,318
Others	34,326	38,604
	290,171	317,148

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

10. TAXATION

The Group's first-tier subsidiaries listed below were awarded the "High-tech Enterprise Certificate" with a valid period of three years by the Science and Technology Commission of Municipality, the Municipal Finance Bureau, the State Administration of Tax Municipal Office and the Municipal Bureau of Local Taxation, and are subject to enterprise income tax at the rate of 15% for the current period.

Name of the first-tier subsidiaries	Applicable period for high-tech enterprises preferential tax rate of 15%	
	Starting year	Ending year
ZTC Technology (Suzhou) Co., Ltd.	2024	2026
Shanghai Electric Nuclear Power Equipment Co., Ltd.	2024	2026
Shanghai Electric SHMP Casting & Forging Co., Ltd.	2024	2026
Shanghai Electric - SPX Engineering & Technologies Co., Ltd.	2024	2026
Shanghai Denso Fuel Injection Co., Ltd.	2024	2026
Shanghai Electric Fuji Electric Power Technology Co., Ltd.	2024	2026
Shanghai Electric SHMP Pulverising & Special Equipment Co., Ltd.	2024	2026
Shanghai KSB Pump Co., Ltd.	2024	2026
Shanghai Power Station Auxiliary Machinery Factory Co., Ltd.	2024	2026
Shanghai Electric Wind Power Group Co., Ltd.	2023	2025
Shanghai Electric Group Shanghai Electric Machinery Co., Ltd.	2023	2025
Shanghai Boiler Works Ltd.	2023	2025
Shanghai Electric Gas Turbine Co., Ltd.	2023	2025
Shanghai No.1 Machine Tool Works Ltd.	2023	2025
Qingdao Huachen Weiye Electric Power Technology Engineering Co., Ltd.	2023	2025
Shanghai Centrifuge Institute Co., Ltd.	2023	2025
Shanghai Electric Group Digital Technology Co., Ltd.	2023	2025
Shanghai Electric Power Generation Environment Protection Engineering Co., Ltd.	2022	2024
Shanghai Electric Distributed Energy Co., Ltd.	2022	2024
Shanghai Electric Guoxuan New Energy Technology Co., Ltd.	2022	2024
Shanghai Turbine Works Co., Ltd.	2022	2024
Shanghai Electric (Anhui) Energy Storage Co., Ltd.	2022	2024

10. TAXATION(CONT'D)

Pursuant to the Announcement on the Policy of Value-added Tax Deduction for Advanced Manufacturing Enterprises (Cai Shui [2023] No. 43) jointly issued by the Ministry of Finance and the State Taxation Administration, the Group's first-tier subsidiaries listed below, as advanced manufacturing enterprises, qualify for an additional 5% deduction of input VAT from 1 January 2023 to 31 December 2027.

Name of the first-tier subsidiaries

Shanghai Electric Wind Power Group Co., Ltd.
 Shanghai Electric Group Shanghai Electric Machinery Co., Ltd.
 Shanghai Boiler Works Ltd.
 Shanghai Electric Gas Turbine Co., Ltd.
 Shanghai No.1 Machine Tool Works Ltd.
 Shanghai Centrifuge Institute Co., Ltd.
 Shanghai Electric Power Generation Environment Protection Engineering Co., Ltd.
 Shanghai Electric Guoxuan New Energy Technology Co., Ltd.
 Shanghai Turbine Works Co., Ltd.
 ZTC Technology (Suzhou) Co., Ltd.
 Shanghai Electric Nuclear Power Equipment Co., Ltd.
 Shanghai Electric SHMP Casting & Forging Co., Ltd.
 Shanghai Denso Fuel Injection Co., Ltd.
 Shanghai Electric SHMP Pulverising & Special Equipment Co., Ltd.
 Shanghai KSB Pump Co., Ltd.
 Shanghai Power Station Auxiliary Machinery Factory Co., Ltd.

The Group's first-tier subsidiaries registered overseas are subject to the tax rates prevailing in the countries in which they operate in compliance with the existing laws and regulations, interpretations and practices:

	Income tax rate
Sida Motor Manufacturing Co., Ltd.	32.00%
Shanghai Electric (India) Limited Company	25.00%
Shanghai Electric (Vietnam) Limited Company	20.00%
Shanghai Electric Power Generation (Malaysia) Co., Ltd.	24.00%
Shanghai Electric (Panama) Limited Company	25.00%
Shanghai Electric Group Europa Co., Ltd.	15.00%
Shanghai Electric Hong Kong Co., Ltd.	16.50%
Shanghai Electric Newage Company Limited	16.50%

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

10. TAXATION (CONT'D)

	For the six months ended 30 June 2024 (Unaudited) RMB'000	For the six months ended 30 June 2023 (Unaudited) RMB'000
Current tax charge for the current period	651,376	449,696
Annual filing differences for the current period	(6,138)	(30,324)
Deferred income tax	(63,654)	(83,438)
	581,584	335,934

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

	For the six months ended 30 June 2024 (Unaudited) RMB'000	For the six months ended 30 June 2023 (Unaudited) RMB'000
Total profit	2,403,171	1,822,273
Income tax expenses calculated at the statutory tax rate (Note 1)	600,793	455,568
Lower tax rates for specific districts or concessions	(214,170)	(102,002)
Adjustments for current income tax of prior periods	(6,138)	(30,324)
Profits and losses attributable to joint ventures and associates	(122,359)	(120,224)
Income not subject to tax	(19,223)	(42,523)
Expenses not deductible for tax	42,094	46,609
Tax incentives on eligible expenditures	(113,038)	(215,209)
Utilization of previously unrecognised tax loss and deductible temporary differences	(14,747)	(37,741)
Tax loss and deductible temporary differences for which no deferred tax assets was recognised	428,372	381,780
Income tax expenses	581,584	335,934

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.

11. 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 2024 (Unaudited) RMB'000	For the six months ended 30 June 2023 (Unaudited) RMB'000
Consolidated net profit attributable to ordinary shareholders of the parent company	601,744	590,363
Weighted average number of ordinary shares outstanding	15,579,809	15,579,809
Basic earnings per share	RMB 0.039 yuan	RMB 0.038yuan
Including:		
- Basic earnings per share from continuing operations :	RMB 0.039 yuan	RMB 0.038 yuan
- Basic earnings per share from discontinued operations:	-	-

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 2024, the Company had no dilutive potential ordinary shares. Therefore, diluted earnings per share equal to basic earnings per share.

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

12. DIVIDENDS

For the six-month period ended 30 June 2024, the Group has not declared or distributed any dividends.

13. FIXED ASSETS

	Land and buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Equipment, tools and others RMB'000	Total RMB'000
Cost:					
31 December 2023	18,212,179	20,825,981	478,915	2,359,720	41,876,795
Increase in the current year					
Purchase	40,417	156,121	10,045	62,753	269,336
Transfer from construction in progress	103,843	170,131	2,421	17,723	294,118
Transfer from investment properties	8,499	-	-	-	8,499
Decrease in the current year					
Disposal and retirement	(6,932)	(278,912)	(15,162)	(41,016)	(342,022)
Decrease due to disposal of subsidiaries	-	(5,148)	-	(994)	(6,142)
Differences on translation of foreign currency financial statements	(13,570)	(38,986)	(729)	(11,960)	(65,245)
30 June 2024	18,344,436	20,829,187	475,490	2,386,226	42,035,339
Accumulated depreciation					
31 December 2023	5,914,879	13,032,303	385,658	1,517,437	20,850,277
Increase in the current year					
Provision	307,770	514,456	14,022	110,079	946,327
Transfer from investment properties	1,214	-	-	-	1,214
Decrease in the current year					
Disposal and retirement	(4,851)	(179,525)	(12,484)	(33,145)	(230,005)
Decrease due to disposal of subsidiaries	-	(2,241)	-	(935)	(3,176)
Differences on translation of foreign currency financial statements	(6,499)	(25,683)	(207)	(9,257)	(41,646)
30 June 2024	6,212,513	13,339,310	386,989	1,584,179	21,522,991
Provision for impairment					
31 December 2023	459,196	136,161	544	3,305	599,206
Increase in the current year					
Provision	-	-	-	38	38
Decrease in the current year					
Disposal and retirement	-	(27,663)	(34)	(2,896)	(30,593)
Decrease due to disposal of subsidiaries	-	(110)	-	(22)	(132)
30 June 2024	459,196	108,388	510	425	568,519
Net carrying amount					
30 June 2024	11,672,727	7,381,489	87,991	801,622	19,943,829
31 December 2023	11,838,104	7,657,517	92,713	838,978	20,427,312

13. FIXED ASSETS (CONT'D)

(a) As at 30 June 2024, the Group pledged intangible assets with a carrying amount of RMB 0 thousand (31 December 2023: RMB11,060 thousand) and fixed assets with a carrying amount of RMB 6,965 thousand (31 December 2023: RMB 64,536 thousand) to obtain short-term borrowings of RMB 11,600 thousand (31 December 2023: RMB 106,900 thousand). As at 30 June 2024, the Group pledged fixed assets with a carrying amount of RMB 853,604 thousand (31 December 2023: RMB 513,652 thousand) and intangible assets with a carrying amount of RMB 1,319,077 thousand (31 December 2023: RMB 1,332,612 thousand) to obtain long-term borrowings of RMB 2,328,313 thousand.

(b) For the six months ended 30 June 2024, depreciation charged to fixed assets amounted to RMB 946,327 thousand (for the six months ended 30 June 2023: RMB 1,000,326 thousand), including RMB 679,417 thousand, RMB 4,304 thousand, RMB 208,814 thousand and RMB 53,792 thousand (for the six months ended 30 June 2023: RMB 729,701 thousand, RMB 3,830 thousand, RMB 206,604 thousand and RMB 60,191 thousand) charged to operating cost, selling and distribution expenses, general and administrative expenses and research and development expenses respectively.

(c) For the six months ended 30 June 2024, the costs of fixed assets transferred from construction in progress amounted to RMB 294,118 thousand (for the six months ended 30 June 2023: RMB 340,122 thousand).

(d) As at 30 June 2024, the Group's buildings with a net book value of RMB 1,187,163 thousand (31 December 2023: a net book value of RMB 1,331,483 thousand) were under processing for property certificate due to recent renovation or government planning. Management of the Company believes that there is no substantive legal obstacle for these property certificates, which will not adversely affect the Group's operations.

(e) There were no terms of guaranteed residual values specified in the lease contract for machinery and equipment signed by the Group as the lessor.

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

14. ACCOUNTS RECEIVABLES

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Accounts receivable	54,487,603	58,427,795
Less: Provision for bad debts	(17,254,843)	(17,949,869)
	37,232,760	40,477,926

The aging of accounts receivable was analysed as follows:

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

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Not overdue	21,022,759	22,614,688
Overdue within 1 year	10,179,489	9,398,550
Overdue 1 to 2 years	6,362,064	6,488,398
Overdue 2 to 3 years	2,911,097	8,230,304
Overdue 3 to 4 years	4,635,724	4,557,370
Overdue 4 to 5 years	5,393,188	4,157,532
Overdue over 5 years	3,983,282	2,980,953
	54,487,603	58,427,795

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

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Within 1 year	25,188,647	27,495,470
1 to 2 years	8,794,020	8,266,708
2 to 3 years	4,202,711	8,336,220
3 to 4 years	6,319,170	6,552,353
4 to 5 years	5,933,248	4,661,539
over 5 years	4,049,807	3,115,505
	54,487,603	58,427,795

15. ACCOUNTS PAYABLE

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Accounts payable	57,471,931	59,610,479

The aging of accounts payable was analysed as follows:

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Within 1 year	47,439,292	49,931,277
Over 1 year	10,032,639	9,679,202
	57,471,931	59,610,479

As at 30 June 2024, accounts payable with ageing over one year amounted to RMB 10,032,639 thousand (31 December 2023: RMB 9,679,202 thousand), which mainly comprised payables for construction projects and payables for materials. Such accounts are unsettled for the projects are still under construction.

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

16. SHORT-TERM BORROWINGS

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Credit borrowings	9,006,114	7,899,021
Mortgage borrowings (a)	11,600	106,900
Pledge borrowings (b)	156,579	103,083
Guaranteed borrowings (c)	65,000	78,000
Discounted borrowing (d)	153,101	85,412
	9,392,394	8,272,416

(a) As at 30 June 2024, Intangible assets with a carrying amount of RMB 0 thousand (31 December 2023: RMB 11,060 thousand) and fixed assets with a carrying amount of RMB 6,965 thousand (31 December 2023: RMB 64,536 thousand) were pledged to secure short-term borrowings of RMB 11,600 thousand (31 December 2023: RMB 106,900 thousand).

(b) As at 30 June 2024, Long-term accounts receivable with a carrying amount of RMB 336,490 thousand (31 December 2023: RMB 177,219 thousand) were pledged as collateral for short-term pledge borrowings amounting to RMB 156,579 thousand (31 December 2023: RMB 103,083 thousand).

(c) As at 30 June 2024, the company and its subsidiaries guaranteed the short-term borrowings amounting to RMB 65,000 thousand (31 December 2023: RMB 78,000 thousand) of several subsidiaries.

(d) As at 30 June 2024, the Group discounted RMB 153,101 thousand (31 December 2023: RMB 27,103 thousand) of commercial promissory notes and RMB 153,101 thousand (31 December 2023: RMB 58,309 thousand) of banker's acceptances to obtain short-term bank borrowings.

As at 30 June 2024, the annual interest rate of short-term borrowings was 2.1% to 6.39% (31 December 2023: 2.1% to 6.55%).

17. LONG-TERM BORROWINGS

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Credit borrowings	23,166,769	24,362,681
Pledge borrowings (a)	2,328,313	2,359,799
Mortgage borrowings (b)	5,148,434	4,975,718
Guaranteed borrowings (c)	5,953,091	5,310,878
	36,596,607	37,009,076
Less: Current portion of long-term borrowings		
Credit borrowings	(3,516,696)	(4,245,423)
Pledge borrowings	(529,185)	(587,235)
Mortgage borrowings	(466,214)	(426,821)
Guaranteed borrowings	(873,505)	(855,729)
Sub-total	(5,385,600)	(6,115,208)
	31,211,007	30,893,868

(a) As at 30 June 2024, the Group pledged fixed assets with a carrying amount of RMB 853,604 thousand (31 December 2023: RMB 513,652 thousand) and intangible assets with a carrying amount of RMB 1,319,077 thousand (31 December 2023: RMB 1,332,612 thousand) to obtain long-term borrowings of RMB 2,328,313 thousand.

(b) As at 30 June 2024, the Group pledged long-term receivables with a carrying amount of RMB 2,154,712 thousand (31 December 2023: RMB 2,174,224 thousand) to obtain long-term borrowings of RMB 1,653,152 thousand (31 December 2023: RMB 1,725,457 thousand).

As at 30 June 2024, the Group pledged the future collection rights of several PPP projects and power generation projects to the bank to obtain long-term borrowings of RMB 3,495,282 thousand (31 December 2023: RMB 3,250,261 thousand).

(c) As at 30 June 2024, the Company and its subsidiaries provided guarantees of RMB 5,953,091 thousand for long-term borrowings of certain subsidiaries (31 December 2023: RMB 5,310,878 thousand).

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

18. BONDS PAYABLE

	31 December 2023 (Audited) RMB'000	Increase in the current period RMB'000	Interest accrued at par value RMB'000	Amortisation of premium or discount RMB'000	Repayment in the current period RMB'000	30 June 2024 (Unaudited) RMB'000
22 MTN001 (a)	765,374	-	11,892	308	(23,850)	753,724
Less: Current portion of bonds payable	(16,074)					(753,724)
	<u>749,300</u>					<u>-</u>

(a) The Group's subsidiary, Shanghai Electric Wind Power Group Co., Ltd. issued the first phase of 2022 green medium-term notes of Shanghai Electric Wind Power Group Co., Ltd. on 29 April 2022, with a maturity of 3 years. The value date is 29 April 2022, and the redemption date is 29 April 2025. The proposed total issuance is RMB 750 million, and the actual total issuance is RMB 750 million; the issuance interest rate is 3.18% and the issuance is based on the par value.

19. SHARE CAPITAL

	Movements in the current period					Sub-total RMB'000	30 June 2024 (Unaudited) RMB'000
	31 December 2023 (Audited) RMB'000	Shares newly issued RMB'000	Bonus share RMB'000	Transfer from capital surplus RMB'000	Others RMB'000		
Ordinary shares denominated in RMB	12,655,327	-	-	-	-	-	12,655,327
Foreign shares listed overseas	2,924,482	-	-	-	-	-	2,924,482
	15,579,809	-	-	-	-	-	15,579,809

	Movements in the current period					Sub-total RMB'000	30 June 2023 (Unaudited) RMB'000
	31 December 2022 (Audited) RMB'000	Shares newly issued RMB'000	Bonus share RMB'000	Transfer from capital surplus RMB'000	Others RMB'000		
Ordinary shares denominated in RMB	12,655,327	-	-	-	-	-	12,655,327
Foreign shares listed overseas	2,924,482	-	-	-	-	-	2,924,482
	15,579,809	-	-	-	-	-	15,579,809

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

20. CONTINGENT LIABILITIES

In June 2008, Shanghai Electric signed the Equipment Supply and Service Contract with an Indian buyer to provide major equipment and related services to a coal-fired power station project in Sasan, India, with a total contract amount of USD 1,311 million, and a guarantee letter from its related parties was provided for the payment obligations under the contract.

In December 2019, due to long-term default in the payment of equipment expenses and other related expenses by the buyer, the Company submitted an arbitration application to the Singapore International Arbitration Centre (SIAC), requiring the guarantor to pay the Company at least USD 135 million of equipment expenses and other related payables as prescribed in the guarantee letter, and in December 2020, the Company submitted an application to the local High Court for property preservation of the guarantor. In December 2022, the Company received an arbitration notice from SIAC in respect of this arbitration (“Arbitration I”), which ruled as follows: the guarantor shall pay the Company an aggregate amount of USD 146 million, including outstanding payments for work performed, pre-ruling interest thereon and other legal expenses; the relevant arbitration costs shall be borne by the guarantor; and the guarantor shall pay the Company post-ruling interest on the amount of the aforementioned ruling up to the date of payment. As at the issue date of these financial statements, the Company had not received the above amounts.

On 23 February 2021, the Company received a notice from SIAC for the acceptance of the arbitration application, where the buyer and its related parties asserted quality issues with the equipment supplied by the Company on the project, claiming for losses of approximately USD 416 million from the Company, mainly including the losses of USD 132 million in power plant operation, losses of USD 221 million in electricity revenue and other related expenses. In June 2021, the Company received a letter of withdrawal from SIAC, in which the applicant confirmed the withdrawal of the arbitration case.

In August 2021, the Company received a copy of the indictment (“Lawsuit I”) filed by the lawyer of the operator of the coal-fired power station project, in which the operator sued the general contractor and the buyer of the project (related parties of the operator) and the Company, seeking joint liabilities from all defendants for losses of approximately RMB 2,133 million, mainly including losses in power plant operation, losses in electricity revenue, interest and other expenses.

In December 2021, the Company received a notice from SIAC for the acceptance of the arbitration application (“Arbitration II”), where the buyer of the above-mentioned project asserted quality issues with the equipment supplied by the Company on the project, claiming for losses of approximately USD 389 million from Shanghai Electric, mainly including losses in power plant operation, losses in electricity revenue, maintenance expenses, penalty for shipment delay and other expenses.

In July 2022, the High Court of Bombay in India dismissed the petition (“Lawsuit I”) on the grounds that the plaintiff did not satisfy the conditions of the lawsuit and failed to amend the petition within the prescribed time. As at the issue date of these financial statements, the Company had not received any formal documents issued by the Indian court.

In May 2023, the Company received a notice from the SICC that the guarantor had filed an application to set aside the Arbitration I award by the SIAC in the SICC, and the application for setting aside the award was accepted by the SICC.

As at the date on which the financial statements were authorised for issue, Arbitration Case One was still pending and Arbitration Case Two had not yet been concluded. In light of the written opinion from external counsel, the Company believed that it was unlikely that the arbitration tribunal would support the claims made by the counterparty in the arbitration, and thus no provisions were made for the lawsuits.

20. CONTINGENT LIABILITIES(CONT'D)

Except for the above lawsuits, as at 30 June 2024, the Group's contingent liabilities arising from other pending lawsuits and arbitration cases amounted to RMB 1,656,570 thousand (31 December 2023: RMB1,631,147 thousand). Management believed that it was unlikely that the court would uphold the claims against the Company and thus no provisions were made for the lawsuits.

As at 30 June 2024, the upper limit of loan guarantees to be provided by the Group for related parties was RMB 370,716 thousand (31 December 2023: RMB 604,884 thousand), while the balance of loan guarantees already provided by the Group was RMB 221,894 thousand (31 December 2023: RMB 378,814 thousand). The Group provided counter-guarantees to Electric Holdings in an amount not expected to exceed USD 166.8 million (equivalent to RMB 1.189 billion). In the current period, there was no bank acceptance notes issued for related parties (31 December 2023: RMB 2,409 thousand). The Group recognised the above-mentioned related provisions of RMB 202,167 thousand.

As at 30 June 2024, there were no significant contingent liabilities related to the equity of joint ventures and associates.

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

21. COMMITMENTS

(1) Capital commitments

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Contracted	1,722,015	847,565
Authorised but not contracted	95,754	7,085
	<u>1,817,769</u>	<u>854,650</u>

(2) Operating leases - As the lessor

According to the lease contracts signed with the lessee, the minimum leases receipts under irrevocable leases are as follows:

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Within 1 year (inclusive)	42,863	19,536
1 to 2 years (inclusive)	49,564	43,705
2 to 3 years (inclusive)	46,886	45,709
Over 3 years	139,845	150,326
	<u>279,158</u>	<u>259,276</u>

(3) Investment commitments

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Contracted but not fulfilled	<u>727,365</u>	854,826

22. RELATED PARTY TRANSACTIONS

The pricing on transactions between the Group and related parties is based on market prices of similar products or businesses.

(1) Significant transactions between the Group and related parties during the period are as follows

	For the six months ended 30 June 2024 (Unaudited) RMB'000	For the six months ended 30 June 2023 (Unaudited) RMB'000
Purchase of materials from:		
SEC group companies	118,995	143,132
Joint ventures	-	29,429
Associates	1,466,624	1,547,358
Other related companies	275,688	542,150
	1,861,307	2,262,069
Sales of goods to:		
Ultimate holding company	210,933	4,864
SEC group companies	96,265	67,634
Joint ventures	-	3
Associates	53,130	340,390
Other related companies	217,772	277,158
	578,100	690,049

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

22. RELATED PARTY TRANSACTIONS (CONT'D)

(1) Significant transactions between the Group and related parties during the period are as follows (Cont'd):

	For the six months ended 30 June 2024 (Unaudited) RMB'000	For the six months ended 30 June 2023 (Unaudited) RMB'000
As a lessor:		
Lease income:		
SEGC	8,091	4,040
SEC group companies	86,565	93,563
Joint ventures	3,482	3,482
Associates	9,056	7,709
Other related companies	-	10,449
	107,194	119,243
Right-of-use assets recognized as a lessee:		
Lessor:		
SEC group companies	-	1,127

22. RELATED PARTY TRANSACTIONS (CONT'D)

(2) Deposits and loan repaid by related parties

	For the six months ended 30 June 2024 (Unaudited) RMB'000	For the six months ended 30 June 2023 (Unaudited) RMB'000
SEC group companies	-	30,750
Associates	-	5,811
	-	36,561

(3) Guarantees provided to related parties

	30 June 2024 Unaudited		31 December 2023 Audited	
	Maximum amount RMB'000	Actual guarantee amount RMB'000	Maximum amount RMB'000	Actual guarantee amount RMB'000
Tianjin Qingyuan Water Treatment Technology Co., Ltd.	253,000	158,894	253,000	160,730
Yumen Xinneng CSP No.1 Electric Power Co., Ltd.	100,000	63,000	100,000	67,000
China National Machinery Power Engineering Co., Ltd.	-	-	128,000	37,200
Suzhou Thvow Technology Co., Ltd.	-	-	104,000	94,000
Nabtesco (China) Precision Machine Co., Ltd.	-	-	19,884	19,884

A subsidiary of the Group and Electric Holdings jointly established Shanghai Electric Investment (Dubai) Co., Ltd. to participate in the power station project. After the project is launched, Electric Holdings provides guarantees for the financing of the project company. The Group provides counter-guarantees to Electric Holdings according to the indirect shareholding ratio of 20% of the project company. The counter-guarantee is expected to not exceed USD 166.8million (equivalent to RMB 1,189million). As at 30 June 2024, the counter-guarantee was in Stage 1.

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

22. RELATED PARTY TRANSACTIONS (CONT'D)

(4) Compensation of key management personnel of the Group (in HK dollars thousand)

	For the six months ended 30 June 2024 (Unaudited) HKD'000	For the six months ended 30 June 2023 (Unaudited) HKD'000
Director	1,554	1,545
Supervisor	648	640
Senior management	3,108	3,231
	5,310	5,416

23. APPROVAL OF UNAUDITED INTERIM CONSOLIDATED FINANCIAL INFORMATION

The interim consolidated financial information is unaudited but reviewed by the audit committee of the Company.

The unaudited interim consolidated financial information was approved to be issued by the Board of Directors on 30 August 2024.