

2011

Interim Report

Shanghai Electric Group Company Limited

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



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CORPORATE INFORMATION

Legal name in Chinese:	上海電氣集團股份有限公司
Legal name in English:	Shanghai Electric Group Company Limited
Registered Office:	30th Floor, Maxdo Center, 8 Xingyi Road, Shanghai, The People's Republic of China
Postal code:	200336
Principal Place of Business in Hong Kong:	Room 3509, 35th Floor, Tower 2, Lippo Centre, 89 Queensway, Hong Kong
Company Secretary:	Leung Ka Lok (FCCA, CPA, MBA) (appointed with effect from 16 February 2011) Li Chung Kwong Andrew (FCCA, FCPA, ACA, CIA) (resigned with effect from 16 February 2011) Xu Jianguo, Huang Dinan Cheung Wai Bun, Charles, J.P.
Authorized Representatives:	
Alternate Authorized Representatives:	
Stock Exchange on which H Shares are listed:	The Stock Exchange of Hong Kong Limited
Abbreviation of H Shares:	SH Electric
Stock Code of H Shares:	02727
H Share Registrar and Transfer Office:	Computershare Hong Kong Investor Services Limited
Stock Exchange on which A Shares are listed:	Shanghai Stock Exchange
Abbreviation of A Shares:	上海電氣
Stock Code of A Shares:	601727
Auditors:	Ernst & Young (International auditor) Ernst & Young Hua Ming (PRC auditor) Grandall Law Firm (Shanghai) Freshfields Bruckhaus Deringer Anderson Mori & Tomotsune
Legal Advisers as to PRC Law:	
Legal Advisers as to Hong Kong Law and U.S Law	
Legal Advisers as to Japanese Law	
Website:	http://www.shanghai-electric.com
Website designated for publishing interim report required by the Stock Exchange of Hong Kong Limited:	www.hkexnews.hk
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PERFORMANCE HIGHLIGHTS

- ▶ Revenue for the first half of 2011 reached RMB **33,583** million, representing an increase of **10.7%** over the corresponding period last year
- ▶ Profit attributable to owners of the parent for the first half of 2011 was RMB **1,637** million, representing an increase of **16.9%** over the corresponding period last year
- ▶ Basic earnings per share were RMB **12.77** cents, representing an increase of **14.5%** over the corresponding period last year

CHAIRMAN'S STATEMENT

Dear shareholders,

Year 2011 is the start of "Twelfth Five-Year" Plan. Expediting the transformation of economic development patterns became the key tone of future economic development in China. Facing the soaring raw material and labour costs, tightening of monetary liquidity and radioactive leakage in Fukushima incident, all these unfavourable changes in both domestic and overseas macroeconomic environment during the first half of the year inflicted immense pressure on the business operation of our Group. Shanghai Electric, as one of the largest comprehensive industrial equipment manufacturing conglomerates in China, had been adhering to its corporate strategic direction of "development by innovation-driven and transformation" by focusing on its core business, as to improve profitability, tap more markets and pursue innovation in management controls to proactively tackle the changes in market and manage to accomplish remarkable results during the reporting period.

In the field of new energy: We made a breakthrough in our wind turbine business in the overseas markets as the Company received an purchase order from KSK Group of India for 125 sets of 2MW wind turbines during the reporting period. By the end of the reporting period, the Company had over RMB6 billion worth orders on hand for wind turbines, which hit a record high in the business history. Meanwhile, we continued to explore the offshore wind turbine market which has a high entry barrier. Leveraging our success of 3.6MW offshore wind turbine production, we continue our research on the production of 5MW offshore wind power turbine. In March 2011, following the occurrence of the radioactive leakage incident in Fukushima Japan, the central government of China stipulated the "Four Control Measures" (國四條) that required higher standards on safety of nuclear power development. At the same time, as the world's energy and electricity consumption continues to grow and the supply of fossil fuel will run out some day, it is inevitable for mankind to substantially develop new energy sources about the survival, and thus the trend of developing nuclear and wind power will remain unchanged in China. During the reporting period, China's first set of fully self-developed 1,000MW nuclear reactor vessel internals manufactured by the Group went through all testings successfully. We will keep on strengthening our capability in nuclear power equipment design and integration. We will also continue our efforts in the introduction, application and adaptation of AP1000 third-generation technology, and strive to fully tap the field of CAP1400 nuclear power technology, so as to keep our cutting edge in the nuclear power equipment industry.

In the field of high efficiency and clean energy: The market share of our 1,000MW ultra-supercritical thermal power units continued to rank No.1 in the domestic market during the reporting period. Our 300MW and 600 MW power generation units stood out in a competition of product reliability in China, by winning nearly half of the prizes in Gold Medal League. We capitalized on the policy of developing Western China promulgated by the central government and entered into a "Memorandum of Understanding for Strategic Cooperation Framework Agreement" with Xinjiang Production and Construction Corps. We signed a letter of intent with Alstom Holdings of France on a joint venture project, pursuant to which the respective boiler subsidiaries of each of the parties will contribute to a start-up funding pool to establish a joint venture company that will be groomed into a global leader in the field of boiler and related businesses. In the field of gas turbines, we had received new purchase orders of exceeding RMB2.0 billion in aggregate during the reporting period. As the Chinese Central Government acquired several overseas natural gas resources recently and with the improving market conditions for natural gas power generation brought by the commencement of service of the second West-to-East Gas Transmission Pipeline, it is expected that demand for gas turbine equipment will increase gradually year after year in the future. In the field of power transmission and distribution, we entered into a joint venture agreement with Shanghai Municipal Electric Power Company, a subsidiary of State Grid Corporation of China. It was agreed that both parties will contribute to establish Shanghai Electric Transmission and Distribution Equipment

Company Limited and to groom it into a the prime vehicle to accommodate the demands of the latest generation of smart grid systems, energy-storage equipments and energy-saving and environmental protection in China through establishing a comprehensive strategic cooperative relationship in the area of power transmission and distribution.

In the field of industrial equipment: Our elevator business continued to retain its leading position in the elevator market in China. We became the first manufacturer in China which had sold 300,000 units in aggregate from a single factory since its incorporation. We are the sole elevator supplier to the exhibition halls in International Horticultural Exposition 2011. During the reporting period, an agreement was signed for our subsidiary, Shanghai Mitsubishi Elevator Co. Ltd. to participate in the elevator project of Shanghai Tower, which is known as the highest skyscraper in China, to supply 106 sets of elevators to the building. The contribution of elevator maintenance business to the Group revenue continued to increase, and we had the highest numbers of installed units and of units under maintenance and repair contracts respectively among our Chinese peers. During the reporting period, our ultra-high-speed, high-capacity electronic rotator, which was debuted in China with a driving speed up to 5,040 rotations per minute, completed the ultra-high-speed balancing test. This unit will commence its service for the West-to-East Gas Transmission Pipeline project. Furthermore, our large-scale grinder and digital-controlled machine tools reached the highest standards in China. During the reporting period, self-developed nano-scale precision digital-controlled mini grinding machine had successfully passed the examination and obtained an approval under State-level assessment. We are also the one with the largest scale, the most advanced products and the most comprehensive industry chain in the printing and packaging equipment industry in China.

In the field of modern services: Our services cover engineering services, international trading and financial services. Our engineering service business achieved a turnover exceeding RMB10 billion for three consecutive years. As at the end of the reporting period, our EPC project orders on hand were worth more than RMB110 billion, which hit a new record. During the reporting period, we proactively progressed our expansion in the overseas markets and had been contracted as the contractor of the WASSIT 2 X 610MW EPC Coal-Fired Power Project in Iraq

under an agreement that is worth US\$1.08 billion. Our power station project penetrated into Thailand for the first time, laying the foundation for further expansion into this market. Subcontracted EPC power station project orders were received in a variety of countries. We will further penetrate into the relatively developed countries and regions and make a foray into markets which have long been dominated by traditional energy giants from Europe and the US. With ongoing improvements in our project construction capabilities, we ranked as 78th among the 225 largest world construction contractors in the League of Top 225 International Contractors for 2010 accredited by Engineering News-Record ("ENR"). Following the establishment of Shanghai Electric (India) Company Limited in India, we took a major step forward in international project services. The robust development of our core business has been well supported by our finance company which has provided professional management and services for the management and control of our exchange risk exposure.

2011 is the start of "Twelfth Five-Year" Plan for Shanghai Electric and is also the start of our "re-venturing" strategy. We must achieve the goals of "set for a good start and look for solid results". We will adhere to our strategic goal established for the "Twelfth Five-Year" Plan, keep on optimizing our product portfolio and promote sustainable development for the industry, that is, to enhance maturity of industry capability and to maintain our leading position; to grow the capacity of industry and to promote the industry brand; to accelerate nurturing the emerging industry segments and to strike a breakthrough in new strategic businesses. On a new level and horizon, we will persist in innovative development under new proposition. To promote China's economic transformation and enhance the Group's deployment of technological advancement and human resources, Shanghai Electric will adopt an open-minded attitude to embark on new ventures which are better integrated into our optimized pool of resources.

Let us get together to achieve another remarkable year!

Yours faithfully,

Xu Jianguo
Chairman
Shanghai, China
19 August 2011

MAJOR FINANCIAL DATA AND INDICATORS

Major accounting data and financial indicators (in accordance with the HK Reporting Standards "HKFRS")

Unit:'000 Currency: RMB

	As at the end of current reporting period	As at the end of the last year	Increase/decrease as at the end of the current reporting period as compared to the end of the last year (%)
Total assets	101,603,301	98,211,841	3.45
Equity attributable to owners of the parent	27,764,982	27,002,449	2.82
Net assets per share attributable to shareholders of the listed company (RMB/share)	2.17	2.11	2.84

	The reporting period (January to June)	The corresponding period of the last year	Increase/decrease for the current reporting period as compared to the corresponding period of the last year (%)
Operating profit	2,368,812	1,959,854	20.87
Total profit	2,729,519	2,288,085	19.29
Net profit attributable to shareholders of the listed company	1,637,044	1,400,744	16.87
Basic earnings per share (RMB)	0.1277	0.1115	14.53
Weighted average net assets return rate (%)	5.92	5.96	-0.04 percentage point
Net cash flow generated from operating activities	(3,362,299)	578,141	(681.57)
Net cash flow per share generated from operating activities (RMB)	(0.26)	0.05	(620.00)

Differences between domestic and overseas accounting principles

Differences between net profit and net assets disclosed in the financial report in accordance with HKFRSs and the PRC GAAP

Unit:'000 Currency: RMB

	Net profit		Net assets	
	Current period	Previous period	At the end of the period	At the beginning of the period
In accordance with the PRC GAAP	1,637,044	1,419,713	27,764,982	27,002,449
Adjustments to items and amounts according to the overseas accounting principles				
Staff bonus and welfare fund	-	(18,969)	-	-
In accordance with HKFRSs	1,637,044	1,400,744	27,764,982	27,002,449

Note: Detailed information relating to the published interim report in accordance with the PRC GAAP is available at <http://www.sse.com.cn>, the website designated by China Securities Regulatory Commission.

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Results Review

During the reporting period, the Company carefully coped with the volatile macroeconomic environment and economic situation, and actively enhanced its overall profitability by expediting the development of its core businesses. It also steadfastly made adjustments to its business structure to promote aggressively commercialization of new and advanced technologies and to establish world-class plants through implementing innovative management, so as to maintaining development of the Group at a steady and healthy pace. During the reporting period, the Group recorded a revenue of RMB33,583 million, representing a growth of 10.7% when compared with that of the same period last year. Profit attributable to owners of the parent amounted to RMB1,637 million, representing a growth of 16.9% when compared with that of the same period last year.

The New Energy Segment

During the reporting period, the new energy segment recorded a sales revenue of RMB2,931 million, representing a growth of 24.7% when compared with that of the same period last year. Revenue generated from the Company's wind power products in the segment amounted to RMB1,339 million, representing a year-on-year increase of 33.5%. Gross profit margin for the segment during the period was 13.2%, representing a decline of 2.3 percentage points when compared with that of the same period last year. Operating margin for the segment was 5.5%, representing a reduction of 1.3 percentage points when compared with that of the same period last year. Decline in both gross profit margin and operating margin was mainly due to a drop in market prices of wind power products under keen market competition in the PRC.

The High Efficiency and Clean Energy Segment

During the reporting period, the high efficiency and clean energy segment reported a revenue of RMB15,614 million, representing a growth of 14.0% when compared with that of the same period last year. Gross profit margin for the segment during the period stood at 18.5%, increased by 0.5 percentage point when compared with that of the same period last year. Operating margin for the segment stood at 8.2%, increased by 1.1 percentage points from that of the same period last year. This was mainly due to the increase in sales of thermal power equipment of the Company and rise in profit.

Industrial Equipment Segment

During the reporting period, the industrial equipment segment recorded a revenue of RMB9,940 million, representing a growth of 8.0% when compared with that of the same period last year, which is mainly due to increased sales of products including elevators and electric motors. Gross profit margin for the segment during the period stood at 19.2%, remained stable when compared with that of the same period last year. Operating margin stood at 7.9%, increased by 0.5 percentage point from that of the same period last year.

Modern Services Segment

During the reporting period, the modern services segment recorded a revenue of RMB6,483 million, representing a growth of 19.1% when compared with that of the same period last year, which is mainly due to an increase in revenue from power station EPC projects. Gross profit margin for the segment during the period stood at 7.5%, decreased by 0.1 percentage point when compared with that of the same period last year. Operating margin for the segment stood at 4.3%, decreased by 1.1 percentage point from that of the same period last year.

Principal activities and operation review of the Company

Table showing the principal activities by business segments

(in RMB million)

By business segments	Revenue	Cost of Sales	Gross Profit Margin	Year-on-year % Change in Revenue	Year-on-year % Change in Costs of Sales	Year-on-year Change in Gross Profit Margin
New Energy	2,931	2,545	13.2%	24.7%	28.1%	-2.3 percentage points
High Efficiency and Clean Energy	15,614	12,719	18.5%	14.0%	13.2%	+0.5 percentage point
Industrial Equipment	9,940	8,032	19.2%	8.0%	8.0%	-
Modern Services	6,483	5,994	7.5%	19.1%	19.2%	-0.1 percentage point
Other business	737	631	14.4%	(46.8%)	-49.3%	+4.2 percentage points
Elimination	(2,122)	(2,133)				
Total	33,583	27,788	17.3%	10.7%	10.2%	+0.4 percentage point

Review of the principal activities by geographical areas

(in RMB million)

Geographical Areas	Revenue	Year-on-year Change in Revenue (%)
Mainland China	27,375	9.9%
Elsewhere	6,208	14.1%
Total	33,583	10.7%

Challenges and difficulties in its operations

- Risk from rising costs of production on the Company's profitability

Solution: The Company will establish its business based on low-carbon economy principles and groom itself into a leading corporation in the equipment industry in China. It will strengthen its competitive edge in the industry and reinforce its leading position in the areas of thermal power equipment, nuclear power equipment, large-scale forging and casting pieces, elevators, electric motors and grinding machines. By continuously enhancing its capability and managing the changing factors, the Company can well adapt to the changes and create the appropriate way of development. It will leverage in full its overall competitiveness to mitigate the negative impact brought by the rising production costs.
- Risk from foreign exchange volatility on the Company's overseas operation

Solution: With regard to the risk, the Company will proactively enact necessary measures. On one hand, adjustment will be made to realign the foreign exchange balances at each subsidiary of the Group by establishing a foreign exchange fund pool at the Group level as to reduce costs of foreign exchange transactions of the Company. On the other hand, the Company will strive to demand overseas orders to be quoted and settled in RMB by proactively communicating with overseas clients to mitigate exchange rate risks and also increase the use of foreign exchange forward contracts as a financial tool to minimize possible adverse impacts on the Company resulting from foreign exchange volatility.

Major financial reporting items and Analysis of Changes

Items in the income statement

(in RMB million)

	January to June 2011	January to June 2010	Year-on-year Change
Revenue	33,583	30,339	10.7%
Selling and distribution costs	803	769	4.4%
Administrative expenses	1,909	1,733	10.2%
Other expenses	1,041	929	12.1%
Share of profit/ (loss) of jointly controlled entities and associates	402	370	8.6%
Profit before tax	2,730	2,288	19.3%
Net Profit for the Period	2,373	1,970	20.5%
Net Profit attributable to owners of the parent	1,637	1,401	16.9%

- Administrative expenses increased by 10.2% year on year, mainly due to the increase in staff costs. During the reporting period, the proportion of administrative fee in the Revenue decreased slightly when compared with that of the same period last year.
- Other expenses increased by 12.1% year on year, mainly due to an increase in provision resulting from the increase in accounts receivables of the Group.

Items in the statement of financial position

(in RMB million)

	End of the Period	Beginning of the Period	Proportion in Total Assets at the end of the Period	Proportion in Total Assets at the beginning of the Period	Changes in Proportion in Total Assets
Assets					
Cash and cash equivalents	15,426	18,943	15.2%	19.3%	(4.1%)
Trade receivables	19,959	15,977	19.6%	16.3%	3.3%
Prepayments, deposits and other receivables	9,610	8,886	9.5%	9.0%	0.5%
Inventories and construction contracts	22,051	20,328	21.7%	20.7%	1.0%
Property, plant and equipment	13,867	13,461	13.6%	13.7%	(0.1%)
Liabilities					
Short-term interest-bearing bank and other borrowings	580	396	0.6%	0.4%	0.2%
Trade payables	20,524	15,968	20.2%	16.3%	3.9%
Other payables and accruals	36,281	38,560	35.7%	39.3%	(3.6%)
Bonds	1,000	1,000	1.0%	1.0%	0.0%
Long-term interest-bearing bank and other borrowings	827	1,021	0.8%	1.0%	(0.2%)
Total liabilities	66,083	63,710	65.0%	64.9%	0.1%
Total equity	35,520	34,502	35.0%	35.1%	(0.1%)
Total assets	101,603	98,212	100.0%	100.0%	0.0%

1. Decrease in cash and cash equivalents was primarily due to an increase in procurement of raw materials by the Company and prolonged collection periods of receivables of the Company amid the monetary tightening policy enacted by the Central Government.
2. Increase in accounts receivables was primarily a result of increases in revenue and retention receivables. It was also due to the prolonged collection periods of receivables of the Company amid the monetary tightening policy enacted by the Central Government.
3. Increase in accounts payables was primarily due to the increase in the volume of material procurement of the Group caused by the sales increase.

Items in the statement of cash flows

Items	(in RMB million)		
	January to June 2011	January to June 2010	Year-on-year Change
Cash and cash equivalents at the beginning of the Period	15,372	12,605	2,767
Net cash flows from operating activities	(3,362)	578	(3,940)
Net cash flows from investing activities	526	1,052	(526)
Net cash flows from financing activities	(408)	2,483	(2,891)
Net increase in cash and cash equivalents	(3,244)	4,113	(7,357)
Effect of foreign exchange rate changes on cash	(18)	(44)	26
Cash and cash equivalents at the end of the Period	12,110	16,674	(4,564)

1. Net cash outflow from operating activities amounted to RMB3,362 million, represented a decrease of RMB3,940 million when compared with that of the same period last year, was mainly due to the slowdown in payment collection caused by the monetary tightening policy enacted by the Central Government and decrease in prepayments made to the Company.
2. Net cash inflow from investment activities amounted to RMB526 million, representing a decrease of RMB526 million when compared with that of the same period last year, was mainly due to an increase in expenditure for fixed assets and decrease in the income from assets disposals during the Period.
3. Net cash outflow from financing activities amounted to RMB408 million, representing a decrease of RMB2,891 million when compared with that of the same period last year, was mainly due to the proceeds of RMB2,200 million raised from the private placement by the Company last year.

Source of Funding and Indebtedness

As at 30 June 2011, the Group had aggregate bank and other borrowings and bonds of RMB2,407 million (31 December 2010: RMB2,417 million), representing a decrease of RMB10 million from that of the beginning of the year. Borrowings repayable within one year amounted to RMB580 million, representing an increase of RMB184 million when compared with that of the beginning of the year. Borrowings and bonds repayable after one year amounted to RMB1,827 million, representing a decrease of RMB194 million when compared with that of the beginning of the year.

As at 30 June 2011, the bank and other borrowings of the Group, excluding unsecured bank loans of HKD52,000,000 (31 December 2010: HKD52,000,000) and JPY80,000,000 (31 December 2010: JPY 80,000,000) in aggregate, all other borrowings were denominated in Renminbi.

Pledge of Assets

As at 30 June 2011, the bank deposits of the Group of RMB787 million (31 December 2010: RMB653 million) were pledged with banks. In addition, certain accounts receivables and land use rights, buildings and machinery of the Group, with the net carrying value of its pledged assets amounted to RMB172 million as at 30 June 2011 (31 December 2010: RMB53 million), were pledged as the securities for certain bank loans of the Group. Except for the abovementioned assets, the Group had not pledged and secured any other assets in the first half of 2011.

Gearing Ratio

As at 30 June 2011, the gearing ratio of the Group, represented by interest-bearing bank and other borrowings and bonds to total equity plus interest-bearing and other borrowings and bonds, was 6.35%, representing an decrease of 0.20 percentage points when compared with that of the beginning of this year.

Contingent Liabilities

Please refer to Note 14 of the Unaudited Interim Condensed Consolidated Financial Statements for details.

Capital Commitments

Please refer to Note 16 of the Unaudited Interim Condensed Consolidated Financial Statements for details.

Capital Expenditure

Total capital expenditure of the Group for the Period was approximately RMB1,038 million (1H2010: RMB929 million), principally applied to upgrading of production technologies and production equipment.

Use of Proceeds

In May 2010, as approved by ZHENG JIAN XU KE (2010) No.497 issued by the China Securities Regulatory Commission, the Company successfully issued 315,940,255 A shares of the Company to 5 investors at a price of RMB7.03 per share under private placement (the "Placement") in A share market. The aggregate proceeds raised from the Placement approximately amounted to RMB2,221,060,000, net proceeds after deducting sponsor underwriting fees and remaining offering expenses approximately amounted to RMB2,176,846,000. During the reporting period, those proceeds were used in accordance with the committed amount on respective projects set out in the prospectus of the Placement as follows:

(in RMB hundred million)

Name of committed projects	Proposed Investment amount from proceeds raised	Actual Proceeds used 30 June 2011	Unused Proceed as at 30 June 2011
Production capacity expansion and technology enhancement project of nuclear power plant reactor vessel internals and control rods drive mechanisms of 1,000MW (Phase II) units	3.70	2.37	1.33
Technology enhancement project of 450 tonnes electroslag furnace	1.10	0.84	0.26
Production capacity expansion and enhancement project of nuclear power nuclear island major equipment integrated production (with the approved name of "Phase II of capacity expansion and technology enhancement project of nuclear power nuclear island major equipment")	3.02	1.83	1.19
Technology enhancement project of heavy nuclear power condenser assembly plant	0.60	0.41	0.19
Phase I of development project of new wind power equipment plant at Lingang base (with the approved name of "Development project of wind power equipment production plant at Lingang base")	3.14	2.03	1.11
Introduction and training project for the use of design and analysis software of wind power equipment	1.10	0.86	0.24
Research and production project of wind power equipment of 2MW and 3.6MW	2.79	1.71	1.08
Development project of research centre of wind power technology	0.50	0.25	0.25
Enhancement project of machines tool products and production capability (with the approved name of "Technology enhancement project of large CNC precision grinding products")	1.50	0.68	0.82
Supplement to working capital	4.32	4.32	-
Total	21.77	15.30	6.47

OTHER INFORMATION

Share Capital Structure

	Number of shares	Approximate percentage of issued share capital
A shares		
- Subject to lock-up restrictions	7,409,088,498	57.78%
- Not subject to lock-up restrictions	2,441,626,162	19.04%
H shares	<u>2,972,912,000</u>	23.18%
Total	<u>12,823,626,660</u>	100.00%

Disclosure of Interests

Substantial shareholders' and other persons' interests and short positions in shares and underlying shares

As at 30 June 2011, the following persons (other than the Directors, Supervisors and chief executives of Shanghai Electric Group Company Limited ("the Company")) had interests or short positions in the shares and underlying shares of the Company which have rights to exercise or control the exercise of 5% or more of voting power at any general meeting of the Company, as recorded in the register required to be kept by the Company pursuant to Section 336 of the Securities and Futures Ordinance ("SFO"):-

Name of Substantial Shareholder	A/H Share	Capacity	Notes	No. of A/H Shares	Nature of Interest	Percentage of total number of A/H Shares in issue (%)	Percentage of total number of Shares in issue (%)
Shanghai Electric (Group) Corporation	A	Beneficial owner	1	7,409,088,498	Long position	75.21	57.78
State-owned Assets Supervision and Administration Commission of Shanghai Municipal Government	A	Interest of controlled corporation	1	7,898,980,620	Long position	80.19	61.60
Fengchi Investment Co., Ltd.	A	Beneficial owner	2	907,778,942	Long position	9.32	7.16
Shanghai Depeng Investment Co., Ltd	A	Interest of controlled corporation	2	907,778,942	Long position	9.32	7.16
Guangdong Zhujiang Investment Holding Group Co., Ltd	A	Interest of controlled corporation	2	907,778,942	Long position	9.32	7.16
Shenzhen Weijie Investment Company Limited	A	Interest of controlled corporation	2	907,778,942	Long position	9.32	7.16
Zhu Weihang	A	Interest of controlled corporation	2	907,778,942	Long position	9.32	7.16
Shenergy Group Company Limited	A	Beneficial owner	1	489,892,122	Long position	4.97	3.82
Templeton Investment Counsel, LLC	H	Investment manager		296,635,871	Long position	9.98	2.31

Name of Substantial Shareholder	A/H Share	Capacity	Notes	No. of A/H Shares	Nature of Interest	Percentage of total number of A/H Shares in issue (%)	Percentage of total number of Shares in issue (%)
Deutsche Bank Aktiengesellschaft	H	Beneficial owner	3	24,109,028	Long position	0.81	0.19
	H	Investment manager	3	108,713,800	Long position	3.66	0.85
	H	Person having a security interest in shares	3	33,436,000	Long position	1.12	0.26
		Total long position		166,258,828		5.59	1.30
	H	Beneficial owner	3	20,847,223	Short position	0.70	0.16
Mirae Asset Global Investments (Hong Kong) Limited	H	Investment manager		209,344,000	Long position	7.04	1.63
Siemens International Holding B.V.	H	Beneficial owner	4	148,646,000	Long position	5.00	1.16
Siemens Beteiligungsverwaltung GmbH & Co. OHG	H	Interest of controlled corporation	4	148,646,000	Long position	5.00	1.16
Siemens Beteiligungen Management GmbH	H	Interest of controlled corporation	4	148,646,000	Long position	5.00	1.16
Siemens Aktiengesellschaft	H	Interest of controlled corporation	4	148,646,000	Long position	5.00	1.16
JP Morgan Chase & Co.	H	Beneficial owner	5	17,859,210	Long position	0.60	0.14
	H	Interest of controlled corporation	5	6,426,000	Long position	0.22	0.05
	H	Custodian corporation	5	183,422,325	Long position	6.17	1.43
		Total long position	5	207,707,535		6.99	1.62
	H	Beneficial owner	5	22,826,274	Short position	0.77	0.18
Blackrock, Inc.	H	Interest of controlled corporation	6	181,307,033	Long position	6.10	1.41
	H	Interest of controlled corporation	6	17,161,319	Short position	0.58	0.13

Notes

(1) Shanghai Electric (Group) Corporation and Shenergy Group Company Limited were wholly owned by State-owned Assets Supervision and Administration Commission of Shanghai Municipal Government and their interests in 7,409,088,498 shares (Long position) and 489,892,122 shares (Long position) of the Company, were deemed to be the interests of State-owned Assets Supervision and Administration Commission of Shanghai Municipal Government.

As at 30 June 2011, the number of H share of the Company held by Shanghai Electric (Group) Corporation was increased from zero to 30,258,000 shares but such change did not result in a disclosure obligation in accordance with SFO.

- (2) Fengchi Investment Co., Ltd. holding 907,778,942 shares (Long position) of the Company, was owned as to 90% by Shanghai Depeng Investment Co., Ltd which in turn was wholly owned by Guangdong Zhujiang Investment Holding Group Co., Ltd (“Guangdong Zhujiang”). Guangdong Zhujiang was owned as to 95% by Shenzhen Weijie Investment Company Limited which was owned as to 100% by Zhu Weihang. The interest in 907,778,942 shares (Long position) relates to the same block of shares in the Company.
- (3) Deutsche Bank Aktiengesellschaft was interested in 108,713,800 shares (Long position) of the Company by virtue of its control over the following corporations which held direct interests in the Company:-

Name of controlled corporation	Percentage of ownership in controlled corporation (%)	No. of shares
Deutsche Asset Management Investmentgesellschaft mbH	100	600,000
Deutsche Asset Management (Korea) Company Limited	100	813,800
DWS Investment GmbH	100	93,900,000
DWS Investment S.A., Luxembourg	100	6,500,000
Tilney Investment Management	100	200,000
Deutsche Bank Trust Company Americas	100	1,484,000
Deutsche Bank AG Singapore Branch	100	5,216,000

Among the entire interest of Deutsche Bank Aktiengesellschaft in the Company, a long position in 642,000 shares and a short position in 1,706,000 shares were held through cash settled unlisted derivative interests.

- (4) Siemens International Holding B.V., holding 148,646,000 shares (Long position) of the Company, was wholly owned by Siemens Beteiligungsverwaltung GmbH & Co. OHG, which in turn was owned as to 99.99% and 0.01% by Siemens Aktiengesellschaft and Siemens Beteiligungen Management GmbH. The interest in 148,646,000 shares (Long position) relates to the same block of shares in the Company.
- (5) JPMorgan Chase & Co. held interests in a total of 207,707,535 shares (Long position) and 22,826,274 shares (Short position) in the Company by virtue of its control over the following corporations, which held direct interests in the Company:-
- (5.1) JPMorgan Chase Bank, N.A. held 183,422,325 shares (Long position) in the Company. JPMorgan Chase Bank, N.A. was a wholly-owned subsidiary of JPMorgan Chase & Co.
- (5.2) J.P. Morgan Whitefriars Inc. held 16,463,210 shares (Long position) and 924,304 shares (Short position) in the Company. J.P. Morgan Whitefriars Inc. was a wholly-owned subsidiary of J.P. Morgan Overseas Capital Corporation, which in turn was a wholly-owned subsidiary of J.P. Morgan International Finance Limited. J.P. Morgan International Finance Limited was wholly-owned by Bank One International Holdings Corporation, which in turn was a wholly-owned subsidiary of J.P. Morgan International Inc. JPMorgan Chase Bank, N.A., referred to in (5.1) above, owned 100% interest in J.P. Morgan International Inc.
- (5.3) J.P. Morgan Investment Management Inc. held 2,694,000 shares (Long position) in the Company. J.P. Morgan Investment Management Inc. was a wholly-owned subsidiary of JPMorgan Asset Management Holdings Inc., which in turn was a wholly-owned subsidiary of JPMorgan Chase & Co.
- (5.4) JPMorgan Asset Management (UK) Limited held 3,732,000 shares (Long position) in the Company. JPMorgan Asset Management (UK) Limited was wholly-owned by JPMorgan Asset Management Holdings (UK) Limited, which in turn was wholly-owned by JPMorgan Asset Management International Limited, which was a wholly-owned subsidiary of JPMorgan Asset Management Holdings Inc., referred to in (5.3) above.
- (5.5) J.P. Morgan Whitefriars (UK) held 21,901,970 shares (Short position) in the Company. J.P. Morgan Whitefriars (UK) was owned as to 99.99% by J.P. Morgan Whitefriars Inc., referred to in (5.2) above.

- (5.6) J.P. Morgan Securities Ltd. held 1,396,000 shares (Long position) in the Company. J.P. Morgan Securities Ltd. was owned as to 98.95% by J.P. Morgan Chase International Holdings, which in turn was wholly-owned by J.P. Morgan Chase (UK) Holdings Limited. J.P. Morgan Chase (UK) Holdings Limited was wholly-owned by J.P. Morgan Capital Holdings Limited, which in turn was wholly-owned by J.P. Morgan International Finance Limited, referred to in (5.2) above.
- (5.7) The entire interest of JPMorgan Chase & Co. in the Company included a lending pool of 183,422,325 shares (Long position). Besides, 22,826,274 shares (Short position) were held through derivatives as follows:-
- | | |
|------------------------------------|---|
| 884,000 shares (Short position) | - through cash settled listed derivatives |
| 21,942,274 shares (Short position) | - through physically settled unlisted derivatives |
- (6) Blackrock, Inc. held interest in a total of 181,307,033 shares (Long position) and 17,161,319 shares (Short position) in the Company by virtue of its control over the following corporations, which held direct interests in the Company:-
- (6.1) BlackRock Investment Management, LLC. held 6,520,000 shares (Long position) in the Company. BlackRock Investment Management, LLC. was a wholly-owned subsidiary of Trident Merger, LLC, which in turn was a wholly-owned subsidiary of Blackrock, Inc.
- (6.2) BlackRock Fund Advisors held 10,188,000 shares (Long position) in the Company. BlackRock Fund Advisors was wholly-owned by BlackRock Institutional Trust Company, N.A., the latter was deemed to hold interest in 10,188,000 shares (Long position). BlackRock Institutional Trust Company, N.A. held 17,334,114 shares (Long position) in the Company. BlackRock Institutional Trust Company, N.A. was a wholly-owned subsidiary of BlackRock Delaware Holdings, Inc., which in turn was wholly-owned by BlackRock Holdco 6 LLC. BlackRock Holdco 6 LLC was wholly-owned by BlackRock Holdco 4 LLC, which in turn was wholly-owned by BlackRock Financial Management, Inc., the latter was deemed to hold interest in the above mentioned 10,188,000 shares (Long position) and 17,334,114 shares (Long position). BlackRock Financial Management, Inc. held 224,000 shares (Long position) in the Company. BlackRock Financial Management, Inc was a wholly-owned subsidiary of BlackRock Holdco 2 Inc., which in turn was wholly-owned by Blackrock, Inc.
- (6.3) BlackRock Advisors, LLC. held 53,620,800 shares (Long position) in the Company. BlackRock Advisors, LLC. was wholly-owned by BlackRock Capital Holdings, Inc., the latter was a wholly-owned subsidiary of BlackRock Advisors Holdings Inc. BlackRock Advisors Holdings Inc. was a wholly-owned subsidiary of BlackRock Financial Management, Inc., referred to in (6.2) above.
- (6.4) BlackRock Asset Management Canada Limited held 180,000 shares (Long position) in the Company. BlackRock Asset Management Canada Limited was wholly-owned by BlackRock Holdings Canada Limited. BlackRock Holdings Canada Limited was a wholly-owned subsidiary of BlackRock (Institutional) Canada Ltd, and the latter was a wholly-owned subsidiary of BR Jersey International LP. BR Jersey International LP was a wholly-owned subsidiary of BlackRock International Holdings Inc., the latter was a wholly-owned subsidiary of BlackRock Advisors Holdings Inc., referred to in (6.3) above.
- (6.5) BlackRock Investment Management (Australia) Limited held 605,800 shares (Long position) in the Company. BlackRock Investment Management (Australia) Limited was wholly-owned by BlackRock Australia Holdco Pty Ltd, the latter was a wholly-owned subsidiary of BR Jersey International LP, referred to in (6.4) above.
- (6.6) BlackRock Asset Management Australia Limited held 46,000 shares (Long position) in the Company. BlackRock Asset Management Australia Limited was wholly-owned by BlackRock Australia Holdco Pty Ltd, referred to in (6.5) above
- (6.7) BlackRock Asset Management North Asia Limited held 14,558,159 shares (Long position) and 13,766,159 shares (Short position) in the Company. BlackRock Asset Management North Asia Limited was wholly-owned by BlackRock HK Holdco Limited, the latter was wholly-owned by BR Jersey International LP, referred to in (6.4) above.

- (6.8) BlackRock (Netherlands) B.V. held 1,058,000 shares (Long position) in the Company. Blackrock Advisors UK Ltd. held 4,851,160 shares (Long position) and 3,395,160 shares (Short position) in the Company. BlackRock International Ltd. held 1,796,000 shares (Long position) in the Company. All the three corporations were wholly-owned by BlackRock Group Limited, the latter was wholly-owned by BR Jersey International LP, referred to in (6.4) above.
- (6.9) BlackRock Investment Management (LUX) held 51,613,900 shares (Long position) in the Company. BlackRock Investment Management (LUX) was wholly-owned by BlackRock Luxembourg Holdco S.a.r.l., the latter was a wholly-owned subsidiary of BlackRock Group Limited, referred to in (6.8) above.
- (6.10) BlackRock Asset Management Ireland Ltd held 17,169,100 shares (Long position) in the Company. BlackRock Asset Management Ireland Ltd was wholly-owned by BlackRock Investment Management Ireland Holdings Ltd, the latter was a wholly-owned subsidiary of BlackRock Luxembourg Holdco S.a.r.l., referred to in (6.9) above.
- (6.11) BlackRock Fund Managers Ltd held 216,000 shares (Long position) in the Company. BlackRock Fund Managers Ltd was wholly-owned by BlackRock Investment Management (UK) Ltd, the latter was deemed to hold interest in 216,000 shares (Long position). BlackRock Investment Management (UK) Ltd held 1,326,000 shares (Long position) in the Company. BlackRock Investment Management (UK) Ltd was wholly owned by BlackRock Group Limited, referred to in (6.8) above.

Save as disclosed above, according to the register kept by the Company under Section 336 of the SFO and so far as was known to the Company, there was no other person who, as at 30 June 2011, had an interest or short positions in the shares and underlying shares of the Company.

Directors' and Supervisors' Interests and Short Positions in Shares, Underlying Shares and Underlying Debentures of the Company

As at 30 June 2011, none of Directors, Supervisors or chief executives of the Company and their respective associates held or was deemed to hold interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations which were required to be recorded in the register required to be kept under Section 352 of the SFO, or 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 ("Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). As at 30 June 2011, none of the Directors, Supervisors or chief executives of the Company or their respective associates was granted the right to acquire any interests in shares or debentures of the Company or any of its associated corporations.

Model Code for Securities Transactions by Directors

The Company has adopted the provisions as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange as its model code for securities

transactions by directors of the Company. Further to the Company's enquiry, all Directors confirmed that they had complied with the Model Code and the relevant provisions as set out in Appendix 10 of the Listing Rules during the period from 1 January 2011 to 30 June 2011.

Corporate Governance

For the first half of 2011, the Board of the Directors is of the view that the Company had complied with the code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules except for deviation from code provision A.2.1 of the Code concerning the requirements to separate the roles of the chairman and chief executive officer.

Pursuant to code provision A.2.1 of the Code, roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. For the first half of 2011, the duties of the Chairman of the Board and the Chief Executive Officer have been carried out by Mr. Xu Jianguo. However, Mr. Huang Dinan, an Executive Director and the President, is fully responsible for the day-to-day operations of the Company and execution of instructions from the Board of Directors. The Company is of the opinion that the segregation of duties and the responsibilities

between the Board of Directors and the senior management has been well maintained and there exists no problem of over-centralization of management power.

Strategy Committee

The Strategy Committee comprises Mr. Xu Jianguo, Mr. Huang Dinan, Ms. Xu Ziyang, Mr. Zhu Sendi and Dr. Lui Sun Wing. During the reporting period, The Strategy Committee has discussed and reviewed the Company's future development plans with the management team.

Audit Committee

Our audit committee, comprising Dr. Cheung Wai Bun, Mr. Zhu Sendi, Dr. Lui Sun Wing and Ms. Yao Minfang, has reviewed the accounting policies adopted by the Group, and credit limits of its connected transactions, with the management and the Company's external auditors, and discussed on matters concerning internal control and financial reporting of the Group, including review and approval of the unaudited interim condensed consolidated financial statements for the six months ended 30 June 2011.

Remuneration Committee

The Remuneration Committee, which comprises Dr. Lui Sun Wing, Mr. Huang Dinan and Mr. Zhu Sendi, is mainly responsible for providing recommendations to the Board of Directors in respect of the remuneration policy and structure of the Directors, Supervisors and operating team of the Company, and determining applicable and transparent procedures.

Purchase, Sale or Redemption of the Company's Listed Securities

During the reporting period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Dividend

The Board of Directors did not recommend interim dividend for the period.

Disclosure of Information on the Stock Exchange's Website

All information required by paragraphs 46(1) to 46(6) of Appendix 16 to the Listing Rules will be published on the website of the Stock Exchange (<http://www.hkexnews.hk>) in due course.

Disclosure of Information and Investor Relations

The Company recognizes the importance of good communications with its investors. Our team under Investor Relations Department arranges meetings, site visits and reverse roadshows for investors. The team has also attended investors forum actively and conducted non-deal roadshows in China and overseas markets regularly to help investors gain a better understanding of the Company's operating results and its strategies and plans for future development. The Company will continue to make great efforts in its investor relations work to further enhance its transparency.

Employees

On 30 June 2011, the Group had approximately 28,128 employees (30 June 2010: approximately 25,600). The Group has short term and long term incentive programs to encourage employee performance and a series of training programs for the development of its staff.

Board of Directors and Supervisors

As at the date of this report, the executive directors of the Company are Mr. Xu Jianguo, Mr. Huang Dinan, Ms. Xu Ziyang and Mr. Yu Yingui; the non-executive directors of the Company are Mr. Zhu Kelin and Ms. Yao Minfang; and the independent non-executive directors of the Company are Mr. Zhu Sendi, Dr. Cheung Wai Bun and Dr. Lui Sun Wing.

During the reporting period, the Supervisors of the Company are Mr. Dong Jianhua, Mr. Xie Tonglun, Mr. Li Bin, Mr. Zhou Changsheng and Mr. Zheng Weijian.

By order of the Board

Xu Jianguo

Chairman of the board

Shanghai, PRC

19 August 2011

UNAUDITED INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Notes	For the six months ended 30 June	
		2011 (Unaudited) RMB'000	2010 (Unaudited) RMB'000
REVENUE	3	33,583,075	30,338,697
Cost of sales		(27,788,280)	(25,210,374)
GROSS PROFIT		5,794,795	5,128,323
Other income and gains	3	326,804	262,621
Selling and distribution costs		(802,993)	(768,617)
Administrative expenses		(1,908,977)	(1,733,230)
Other expenses		(1,040,817)	(929,243)
Finance costs		(40,816)	(41,822)
Share of profits and losses of:			
Jointly-controlled entities		54,848	26,310
Associates		346,675	343,743
PROFIT BEFORE TAX	4	2,729,519	2,288,085
Income tax expense	5	(356,497)	(318,223)
PROFIT FOR THE PERIOD		2,373,022	1,969,862
ATTRIBUTABLE TO:			
Owners of the parent		1,637,044	1,400,744
Non-controlling interests		735,978	569,118
		2,373,022	1,969,862
DIVIDEND			
Proposed interim dividend	6	-	755,312
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	7		
Basic and diluted			
- For profit for the period (RMB)		12.77 cents	11.15 cents

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2011

	For the six months ended 30 June	
	2011 (Unaudited) RMB'000	2010 (Unaudited) RMB'000
PROFIT FOR THE PERIOD	2,373,022	1,969,862
Changes in fair value and disposal of available-for-sale investments net of income tax	(100,356)	(144,987)
Effective portion of changes in fair value of hedging instruments net of income tax	30,295	-
Exchange losses on translation recognised on disposal of a foreign subsidiary	-	14,091
Exchange realignment	27	1,762
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	(70,034)	(129,134)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	2,302,988	1,840,728
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Owners of the parent	1,587,109	1,315,168
Non-controlling interests	715,879	525,560
	2,302,988	1,840,728

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 JUNE 2011

	Notes	30 June 2011 (Unaudited) RMB'000	31 December 2010 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	8	13,867,142	13,460,765
Investment properties		131,298	134,417
Prepaid land lease payments		1,333,040	1,344,941
Goodwill		12,483	16,110
Other intangible assets		662,750	684,332
Investments in jointly-controlled entities		257,938	227,092
Investments in associates		2,957,649	2,969,016
Loans receivable		1,035,296	876,014
Other investments		305,864	308,745
Other non-current assets		226,786	231,193
Deferred tax assets		1,303,980	1,114,752
Total non-current assets		22,094,226	21,367,377
CURRENT ASSETS			
Inventories		21,544,048	19,871,769
Construction contracts		506,932	456,334
Trade receivables	9	19,958,680	15,977,396
Loans receivable		1,893,115	1,703,611
Discounted bills receivable		405,295	82,036
Bills receivable		2,892,213	2,374,707
Prepayments, deposits and other receivables		9,609,867	8,886,482
Investments		3,731,744	5,220,779
Derivative financial instruments		90,274	61,980
Due from the Central Bank		2,639,896	2,613,114
Restricted deposits	10	811,135	653,435
Cash and cash equivalents	10	15,425,876	18,942,821
Total current assets		79,509,075	76,844,464
CURRENT LIABILITIES			
Trade payables	11	20,524,211	15,967,932
Bills payable		1,572,707	1,539,233
Other payables and accruals		36,280,581	38,559,777
Customer deposits		1,770,030	1,930,598

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

30 JUNE 2011

	Notes	30 June 2011 (Unaudited) RMB'000	31 December 2010 (Audited) RMB'000
CURRENT LIABILITIES (Continued)			
Interest-bearing bank and other borrowings		580,273	395,629
Tax payable		708,457	829,094
Provisions		1,995,287	1,656,048
Total current liabilities		63,431,546	60,878,311
NET CURRENT ASSETS		16,077,529	15,966,153
TOTAL ASSETS LESS CURRENT LIABILITIES		38,171,755	37,333,530
NON-CURRENT LIABILITIES			
Bonds		1,000,000	1,000,000
Interest-bearing bank and other borrowings		826,994	1,021,285
Provisions		59,261	45,666
Government grants		346,771	311,439
Other non-current liabilities		123,431	119,198
Deferred tax liabilities		295,662	333,477
Total non-current liabilities		2,652,119	2,831,065
Net assets		35,519,636	34,502,465
EQUITY			
Equity attributable to owners of the parent			
Issued capital	12	12,823,627	12,823,627
Reserves		14,941,355	13,344,004
Proposed dividend		-	834,818
		27,764,982	27,002,449
Non-controlling interests		7,754,654	7,500,016
Total equity		35,519,636	34,502,465

Director Mr. Xu Jianguo

Director Mr. Yu Yingui

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Attributable to owners of the parent											Total equity
	Issued capital	Capital reserve	Contributed surplus	Surplus reserves	Available-for-sale			Retained profits	Declared dividend	Total	Non-controlling interests	
					Hedging revaluation reserves	investment revaluation reserve	Exchange fluctuation reserve					
					RMB'000	RMB'000	RMB'000					
At 1 January 2011	12,823,627	5,041,039	(2,352,526)	2,806,815	68,837	137,460	11,336	7,631,043	834,818	27,002,449	7,500,016	34,502,465
Profit for the period	-	-	-	-	-	-	-	1,637,044	-	1,637,044	735,978	2,373,022
Other comprehensive income	-	-	-	-	30,295	(80,257)	27	-	-	(49,935)	(20,099)	(70,034)
Total comprehensive income	-	-	-	-	30,295	(80,257)	27	1,637,044	-	1,587,109	715,879	2,302,988
Appropriation to surplus reserves	-	-	-	2,142	-	-	-	(2,142)	-	-	-	-
Declared final 2010 dividend	-	-	-	-	-	-	-	-	(834,818)	(834,818)	-	(834,818)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(450,999)	(450,999)
Others	-	10,242	-	-	-	-	-	-	-	10,242	(10,242)	-
As at 30 June 2011 (Unaudited)	12,823,627	5,051,281*	(2,352,526)*	2,808,957*	99,132*	57,203*	11,363*	9,265,945*	-	27,764,982	7,754,654	35,519,636

* These reserve accounts comprise the consolidated reserves of RMB14,941,355,000 (31 December 2010: RMB13,344,004,000) in the unaudited interim condensed consolidated statement of financial position.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Attributable to owners of the parent										
	Issued capital RMB'000	Capital reserve RMB'000	Contributed surplus RMB'000	Surplus reserves RMB'000	Available-	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Proposed dividend RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
					for-sale						
					investment revaluation reserve RMB'000						
At 1 January 2010	12,507,686	2,905,378	(2,352,526)	2,429,293	195,766	(25,841)	6,815,088	-	22,474,844	6,588,775	29,063,619
Profit for the period	-	-	-	-	-	-	1,400,744	-	1,400,744	569,118	1,969,862
Other comprehensive income	-	-	-	-	(101,429)	15,853	-	-	(85,576)	(43,558)	(129,134)
Total comprehensive income	-	-	-	-	(101,429)	15,853	1,400,744	-	1,315,168	525,560	1,840,728
Issue of A Shares	315,941	1,860,906	-	-	-	-	-	-	2,176,847	-	2,176,847
Appropriation to surplus reserves	-	-	-	38,087	-	-	(38,087)	-	-	-	-
Proposed interim 2010 dividend	-	-	-	-	-	-	(755,312)	755,312	-	-	-
Absorption merger of a subsidiary	-	4,928	-	(4,928)	-	-	-	-	-	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(507,469)	(507,469)
Others	-	2,365	-	-	-	-	-	-	2,365	2,635	5,000
As at 30 June 2010 (Unaudited)	12,823,627	4,773,577	(2,352,526)	2,462,452	94,337	(9,988)	7,422,433	755,312	25,969,224	6,609,501	32,578,725

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2011

	For the six months ended 30 June	
	2011	2010
	(Unaudited) RMB'000	(Unaudited) RMB'000
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	(3,362,299)	578,141
NET CASH INFLOW FROM INVESTING ACTIVITIES	526,226	1,052,587
NET CASH (OUTFLOW)/INFLOW FROM FINANCING ACTIVITIES	(408,287)	2,482,858
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(3,244,360)	4,113,586
Cash and cash equivalents at beginning of period	15,372,071	12,604,880
Effect of foreign exchange rate changes, net	(17,659)	(44,134)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	12,110,052	16,674,332
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents in the unaudited interim condensed consolidated statement of financial position	15,425,876	19,158,380
Less: Non-restricted time deposits with original maturity of over three months when acquired	(3,315,824)	(2,484,048)
	12,110,052	16,674,332

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2011

1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The unaudited interim condensed consolidated financial statements are prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The accounting policies and basis of preparation adopted in the preparation of the unaudited interim condensed consolidated financial statements are the same as those used in the annual financial statements for the year ended 31 December 2010, except in relation to the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”, which also include HKASs and Interpretations) that are adopted for the first time for the current period’s unaudited interim condensed consolidated financial statements:

HKFRS 1 Amendment	Amendment to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters</i>
HKAS 24 (Revised)	<i>Related Party Disclosures</i>
HKAS 32 Amendment	Amendment to HKAS 32 <i>Financial Instruments: Presentation – Classification of Rights Issues</i>
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 <i>Prepayments of a Minimum Funding Requirement</i>
HK(IFRIC)-Int 19	<i>Extinguishing Financial Liabilities with Equity Instruments</i>

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2010* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 3 and HKAS 27 are effective for annual periods beginning on or after 1 July 2010 while the amendments to HKFRS 1, HKFRS 7, HKAS 1, HKAS 34 and HK(IFRIC)-Int 13 are effective for annual periods beginning on or after 1 January 2011 although there are separate transitional provisions for each standard or interpretation.

HKAS 24 (Revised) clarifies and simplifies the definition of related parties. It also provides for a partial exemption of related party disclosure to government-related entities for transactions with the same government or entities that are controlled, jointly controlled or significantly influenced by the same government. The Group expects to adopt HKAS 24 (Revised) from 1 January 2011 and the comparative related party disclosures will be amended accordingly.

While the adoption of the revised standard may result in changes in the accounting policy, the revised standard is unlikely to have any impact on the related party disclosures as the Group currently does not have any significant transactions with government-related entities.

Improvements to HKFRSs 2010 issued in May 2010 sets out amendments to a number of HKFRSs. The Group adopted the amendments from 1 January 2011. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments had a significant financial impact on the Group. Those amendments that had a significant impact on the Group’s policies are as follows:

- (a) HKFRS 3 *Business Combinations*: Clarifies that the amendments to HKFRS 7, HKAS 32 and HKAS 39 that eliminate the exemption for contingent consideration do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of HKFRS 3 (as revised in 2008).

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30 JUNE 2011

1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (continued)

In addition, the amendments limit the measurement choice of non-controlling interests at fair value or at the proportionate share of the acquiree's identifiable net assets to components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another HKFRS.

The amendments also added explicit guidance to clarify the accounting treatment for non-replaced and voluntarily replaced share-based payment awards.

- (b) HKAS 1 *Presentation of Financial Statements*: Clarifies that an analysis of other comprehensive income for each component of equity can be presented either in the statement of changes in equity or in the notes to the financial statements.
- (c) HKAS 27 *Consolidated and Separate Financial Statements*: Clarifies that the consequential amendments from HKAS 27 (as revised in 2008) made to HKAS 21, HKAS 28 and HKAS 31 shall be applied prospectively for annual periods beginning on or after 1 July 2009 or earlier if HKAS 27 is applied earlier.

2. SEGMENT INFORMATION

For the purpose of management, segment information is presented by way of two segment formats by the Group: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical 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.

In order to more appropriately assess the nature and the financial impact of business activities that the Group is involved in, and the economic environment of the Group's operation, the Group revised the structure of business segments during the year and the relevant comparative figures were restated accordingly.

Detailed descriptions of business segments are as follow:

- (a) the new energy segment is engaged in the design, manufacture and sale of nuclear power nuclear island equipment products, wind power equipment products and heavy machinery including large forging components for nuclear power equipment;
- (b) the high efficiency and clean energy segment is engaged in the design, manufacture and sale of thermal power equipment products, nuclear power conventional island equipment products and power transmission and distribution equipment products;

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30 JUNE 2011

2. SEGMENT INFORMATION (continued)

Detailed descriptions of business segments are as follow (continued):

- (c) the industrial equipment segment is engaged in the design, manufacture and sale of elevators, electrical motors, machine tools, printing and packaging equipment, marine crankshafts, urban rail transportation equipment, and other electromechanical equipment products;
- (d) the modern services segment is principally engaged in the provision of integrated engineering services for power station projects and other industries, financial services and functional services including international trading services;
- (e) the "others" segment include the central research institute, headquarters and etc.

Business segments

The following tables present revenue and profit/(loss) of the Group's business segments for the six months ended 30 June 2011 (the "Period"):

Six months ended 30 June 2011 (Unaudited)	New energy RMB'000	High efficiency and clean energy RMB'000	Industrial equipment RMB'000	Modern services RMB'000	Others RMB'000	Elimination RMB'000	Total RMB'000
Segment revenue:							
Sales to external customers	2,698,572	14,476,921	9,542,576	6,284,105	580,901	-	33,583,075
Intersegment sales	232,786	1,136,783	397,392	198,965	155,969	(2,121,895)	-
Total	2,931,358	15,613,704	9,939,968	6,483,070	736,870	(2,121,895)	33,583,075
Operating profit/(loss)	160,802	1,279,423	789,734	281,622	(80,512)	(62,257)	2,368,812
Finance costs							(40,816)
Share of profits and losses of jointly-controlled entities	-	-	1,548	53,300	-	-	54,848
Share of profits and losses of associates	-	147,834	200,669	4,780	(6,608)	-	346,675
Profit before tax							2,729,519
Income tax expense							(356,497)
Profit for the period							2,373,022

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30 JUNE 2011

2. SEGMENT INFORMATION (continued)

Business segments (continued)

The following tables present revenue and profit/(loss) of the Group's business segments for the six months ended 30 June 2010 (the "Period"):

Six months ended							Total
30 June 2010	New	High	Industrial	Modern	Others	Elimination	Total
(Unaudited/Restated)	energy	efficiency and clean energy	equipment	services	RMB'000	RMB'000	RMB'000
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue:							
Sales to external customers	2,344,105	12,556,801	8,909,023	5,265,330	1,263,438	-	30,338,697
Intersegment sales	6,758	1,145,121	292,823	177,356	123,014	(1,745,072)	-
Total	2,350,863	13,701,922	9,201,846	5,442,686	1,386,452	(1,745,072)	30,338,697
Operating profit/(loss)	159,384	976,341	682,699	292,441	(34,984)	(116,027)	1,959,854
Finance costs							(41,822)
Share of profits and losses of jointly-controlled entities	-	-	1,616	29,500	(4,542)	(264)	26,310
Share of profits and losses of associates	560	161,518	190,717	1,254	(10,306)	-	343,743
Profit before tax							2,288,085
Income tax expense							(318,223)
Profit for the period							1,969,862

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30 JUNE 2011

2. SEGMENT INFORMATION (continued)

Geographical segments

The following table presents revenue information on the Group's geographical segments for the six months ended 30 June 2011 and 30 June 2010:

	Six months ended 30 June 2011 (Unaudited)			Six months ended 30 June 2010 (Unaudited)		
	Mainland		Total	Mainland		Total
	China	Elsewhere		China	Elsewhere	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue						
Sales to						
external customers	27,374,795	6,208,280	33,583,075	24,899,964	5,438,733	30,338,697

3. REVENUE, OTHER INCOME AND GAINS

Revenue includes turnover and other revenue that arise in the Group's course of ordinary activities. The Group's turnover, which arises from the principal activities of the Group, represents the net invoiced value of goods sold, after allowances for returns and trade discounts; an appropriate proportion of contract revenue of construction contracts; the value of services rendered; net of sale taxes and surcharges.

An analysis of revenue, other income and gains is as follows:

	For the six months ended 30 June	
	2011 (Unaudited) RMB'000	2010 (Unaudited) RMB'000
Revenue		
<i>Turnover</i>		
Sales of goods	26,453,997	24,232,529
Construction contracts	5,285,023	4,449,021
Rendering of services	1,085,050	1,081,131
	32,824,070	29,762,681

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30 JUNE 2011

3. REVENUE, OTHER INCOME AND GAINS (continued)

An analysis of revenue, other income and gains is as follows (continued):

	For the six months ended 30 June	
	2011 (Unaudited) RMB'000	2010 (Unaudited) RMB'000
<i>Other revenue</i>		
Sales of raw materials, spare parts and semi-finished goods	384,133	288,615
Gross rental income	49,447	35,359
Shanghai Electric Group Finance Company ("Finance Company"):		
Interest income from banks and other financial institutions	135,990	95,234
Interest income on loans receivable and discounted bills receivable	74,332	46,588
Others	115,103	110,220
	759,005	576,016
	33,583,075	30,338,697
Other income		
Interest income on bank balances and time deposits	70,508	54,846
Interest income on debt investments	1,936	479
	72,444	55,325
Dividend income from equity investments and investment funds and products	32,823	42,982
Subsidy income	45,960	75,487
Others	16,242	15,844
	167,469	189,638

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30 JUNE 2011

3. REVENUE, OTHER INCOME AND GAINS (continued)

An analysis of revenue, other income and gains is as follows (continued):

	For the six months ended 30 June	
	2011	2010
	(Unaudited) RMB'000	(Unaudited) RMB'000
Gains		
Gain on disposal of items of property, plant and equipment	7,548	56,840
Loss on disposal of subsidiaries	-	(12,591)
Gain on disposal of equity interest in associates	-	12,273
Investments at fair value through profit or loss:		
Unrealised fair value gains, net	1,571	857
Realised fair value gains, net	5,935	2,120
Derivative financial instruments- transactions not qualifying as hedges:		
Unrealised fair value losses, net	(14,957)	(22,756)
Realised fair value gains, net	44,233	3,437
Realised gain on available-for-sale investments (transfer from equity)	42,290	82,773
Gain on disposal of unquoted equity investments stated at cost	61,796	-
Gain on debt restructuring	-	466
Exchange gains/(losses), net	10,919	(50,436)
	159,335	72,983
	326,804	262,621

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30 JUNE 2011

4. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2011 (Unaudited) RMB'000	2010 (Unaudited) RMB'000
Cost of inventories sold	20,923,345	19,895,038
Cost of construction contracts	4,804,042	4,002,243
Cost of services provided	940,605	942,488
Finance Company:		
Interest expense due to banks and other financial institutions	4,081	1,613
Interest expense on customer deposits	13,422	5,884
Interest expense on bonds	19,200	18,000
	36,703	25,497
Depreciation of property, plant and equipment	536,126	504,775
Depreciation of investment properties	3,119	3,966
Recognition of prepaid land lease payments*	14,918	15,590
Amortisation of patents and licences	8,798	14,805
Amortisation of concession intangible assets	8,970	8,566
Amortisation of other intangible assets	4,559	7,019
Research and development costs:*		
Amortisation of technology know-how	20,659	18,133
Current period expenditure	566,407	660,927
	587,066	679,060
Minimum lease payments under operating leases:		
Land and buildings	80,536	72,744
Plant, machinery and motor vehicles	42,481	40,424
Staff costs	2,340,951	2,168,834
Write-down of inventories to net realisable value	124,260	(23,533)
Impairment on trade receivables and other receivables*	405,317	174,025
Reversal of impairment of loans receivable*	(6,795)	(5,489)
Impairment on discounted bills receivable*	8,300	411

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30 JUNE 2011

4. PROFIT BEFORE TAX (continued)

The Group's profit before tax is arrived at after charging/(crediting) (continued):

	For the six months ended 30 June	
	2011 (Unaudited) RMB'000	2010 (Unaudited) RMB'000
Impairment of items of property, plant and equipment*	-	21,401
Impairment of goodwill*	3,627	-
Impairment of other investments*	-	1,855
Product warranty provision:		
Additional provision	61,980	60,892
Reversal of unutilised provision	(2,959)	(11,073)
Onerous contract provision:		
Additional provision	392,566	196,106
Late delivery provision:		
Reversal of provision	(24,000)	-

* These items are included in "Other expenses" on the face of the unaudited interim condensed consolidated income statement.

5. INCOME TAX

With the PRC Corporate Income Tax Law (the "Corporate Income Tax Law") effective on 1 January 2008, the Company and all of its subsidiaries that operate in Mainland China are subject to the statutory corporate income tax rate of 25% for the period of the six months ended 30 June 2011 (for the six months ended 30 June 2010: 25%) under the income tax rules and regulations of the PRC, except that:

- certain subsidiaries are subject to a corporate income tax rate of 24% as they were subject to the transitional income tax rate in the current year under the Corporate Income Tax Law;
- certain subsidiaries are subject to a corporate income tax rate of 15% as they have been assessed as "High-New Technology Enterprises" under the Corporate Income Tax Law for the successive three years from 2008; and authentication of "High-New Technology Enterprises" in 2011 is still in progress.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30 JUNE 2011

5. INCOME TAX (continued)

Tax on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	For the six months ended 30 June	
	2011 (Unaudited) RMB'000	2010 (Unaudited) RMB'000
Group:		
Current – Mainland China		
Charge for the period	552,958	487,629
Overprovision in prior years	(10,984)	(97,066)
Current – Elsewhere		
Charge for the period	10,768	7,609
Deferred	(196,245)	(79,949)
Total tax charge for the period	356,497	318,223

The share of tax attributable to jointly-controlled entities amounting to RMB9,244,000 (for the six months ended 30 June 2010: RMB5,501,000) is included in "Share of profits and losses of jointly-controlled entities" on the face of the unaudited interim condensed consolidated income statement.

The share of tax attributable to associates amounting to RMB81,794,000 (for the six months ended 30 June 2010: RMB74,170,000) is included in "Share of profits and losses of associates" on the face of the unaudited interim condensed consolidated income statement.

6. DIVIDEND

The Board of Directors did not recommend interim dividend for the period (for the six months ended 30 June 2010: On 20 August 2010, the Board of Directors resolved to recommend the proposal of interim dividend distribution for year 2010. A cash dividend of RMB5.89 cents per share (tax inclusive) with an aggregate amount of RMB755,312,000 was approved and then distributed on 8 December 2010).

7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent of RMB1,637,044,000 (the six months ended 30 June 2010: RMB1,400,744,000) and the weighted average number of 12,823,626,660 ordinary shares in issue during the Period (for the period of six months ended 30 June 2010: 12,560,343,114 ordinary shares).

No diluted earnings per share amounts have been presented for the six months ended 30 June 2011 and 30 June 2010 as no diluting events occurred during these periods.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30 JUNE 2011

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2011, the Group acquired property, plant and equipment with a cost of RMB1,008,503,000; the Group disposed of property, plant and equipment with a cost of RMB131,553,000.

As at 30 June 2011, the Group had not obtained real estate certificates for buildings with a net carrying amount of RMB285,021,000. Included in the above amounts, the Group is in the process of applying for the real estate certificates for buildings with a net carrying amount of approximately RMB259,161,000 as at 30 June 2011.

9. TRADE RECEIVABLES

An ageing analysis of trade receivables, based on the due date, and net of provision for bad and doubtful debts, is as follows:

	30 June 2011 (Unaudited) RMB'000	31 December 2010 (Audited) RMB'000
Undue	12,888,991	11,339,121
Within 3 months	2,995,710	2,257,240
Over 3 months but within 6 months	1,951,048	980,597
Over 6 months but within 1 year	1,301,834	610,011
Over 1 year but within 2 years	735,656	726,917
Over 2 years but within 3 years	85,441	50,244
Over 3 years	-	13,266
	19,958,680	15,977,396

For sales of large-scale products, deposits and progress payments are required from customers. Retention money is calculated mainly at 5% to 10% of total sales value, with retention periods of one to two years.

For the sale of other products, the Group's trading terms with customers are mainly on credit except for new customers, where payment in advance or cash on delivery is normally required. The credit period is generally three months and may extend to six months for key customers.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30 JUNE 2011

10. CASH AND CASH EQUIVALENTS AND RESTRICTED DEPOSITS

The Group's cash and cash equivalents and restricted deposits are denominated in RMB at each reporting date, except for the followings:

	30 June 2011(Unaudited)		31 December 2010(Audited)	
	Foreign currency in'000	RMB equivalent RMB'000	Foreign currency in'000	RMB equivalent RMB'000
Cash and bank balances:				
United States Dollars ("USD")	193,007	1,249,059	142,271	943,412
Euro ("EUR")	29,456	275,746	27,032	238,023
Japanese Yen ("JPY")	2,044,645	163,981	1,420,447	115,426
Hong Kong Dollars ("HKD")	14,039	11,675	24,050	20,465
Indian Rupee ("INR")	17,761	1,218	15,819	2,296
Indonesian Rupiah ("IDR")	25,662,393	21,911	17,732,688	13,119
Dhaka, Bangladesh ("BDT")	50,553	4,460	-	-
Ethiopian Birr ("ETB")	86	34	86	34
Time deposits:				
USD	1,976	12,790	1,959	12,976
EUR	-	-	14,045	123,687
JPY	51,200	4,106	40,000	3,250
HKD	2,046	1,701	2,041	1,737

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30 JUNE 2011

11. TRADE PAYABLES

An ageing analysis of trade payables, based on the invoice date, is as follows:

	30 June 2011 (Unaudited) RMB'000	31 December 2010 (Audited) RMB'000
Within 3 months	13,408,602	11,686,364
Over 3 months but within 6 months	2,925,141	1,222,287
Over 6 months but within 1 year	2,360,369	1,194,253
Over 1 year but within 2 years	1,298,041	1,235,178
Over 2 years but within 3 years	373,781	496,512
Over 3 years	158,277	133,338
	20,524,211	15,967,932

12. SHARE CAPITAL

	30 June 2011 (Unaudited) RMB'000	31 December 2010 (Audited) RMB'000
Registered, issued and fully paid:		
A shares of RMB1.00 each, restricted		
- state-owned shares	7,409,088	7,409,088
- state-owned corporate shares	-	211,941
- other legal person shares	-	104,000
A shares of RMB1.00 each, unrestricted	2,441,627	2,125,686
H shares of RMB1.00 each	2,972,912	2,972,912
Total	12,823,627	12,823,627

The shareholders of ordinary shares are entitled to dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

On 13 May 2010, the Company issued through the private offering 315,940,255 ordinary A shares with a nominal value of RMB1.00 each, which became tradable on the Shanghai Stock Exchange after the statutory lock-up restriction period of 12 months on 16 May 2011.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30 JUNE 2011

12. SHARE CAPITAL (continued)

As at 30 June 2011, out of 907,778,942 restricted A shares of the Company held by Fengchi Investment Co., Ltd., 903,140,000 shares were pledged to China Credit Trust Co., Ltd., Beijing International Trust Co., Ltd., Guangdong Finance Trust Co., Ltd., Huaneng Guicheng Trust Co., Ltd., Kunlun Trust Co., Ltd. and Ping An Trust Co., Ltd. The pledged shares accounted for 7.04% of the Company's total share capital.

13. THE ULTIMATE HOLDING COMPANY

In the opinion of the directors, the ultimate holding company of the Company is Shanghai Electric (Group) Corporation ("SE Corporation"), a state-owned enterprise established in the PRC.

14. CONTINGENT LIABILITIES

(a) At the reporting date, contingent liabilities not provided for in the financial statements were as follows:

	30 June 2011 (Unaudited) RMB'000	31 December 2010 (Audited) RMB'000
Guarantees given to banks in connection with facilities granted to:		
- associates	153,179	154,766
In which,		
guarantees given to banks in connection with facilities utilised by:		
- associates	95,158	92,252
Non-financial guarantee letters issued on behalf of:		
- associates	14,992	12,456
- SEC group companies*	867	1,274
	15,859	13,730
Discounting bills receivable issued by subsidiaries to:		
- associates	-	21,000
- SEC group companies*	-	30,389
	-	51,389

* SEC group companies are defined as the Group's related companies over which SE Corporation is able to exert control.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30 JUNE 2011

14. CONTINGENT LIABILITIES (continued)

- (b) As of 30 June 2011, financial and non-financial guarantees issued by financial institutions for contracts awarded to the Group amounted to RMB43,244,000 (2010: RMB44,248,000) and RMB25,619,222,000 (2010: RMB23,635,176,000), respectively.
- (c) As of 30 June 2011, contingent liabilities derived from pending lawsuits and arbitration amounted to RMB13,990,000 (2010: RMB13,990,000).
- (d) The Company was engaged in a construction project in Indonesia with an aggregate amount of USD108,000,000 and a guarantee letter of USD13,500,000. During 2009, the owner unilaterally terminated the contract. In 2010, the owner executed the guarantee letter for advance payment and performance guarantee letter, amounting to USD10,800,000 and USD13,500,000, respectively. The Company has appealed for arbitration in Singapore. Up to the date of approval of the financial statements, the arbitration has not been administered. The directors are of the opinion that, apart from the recorded costs and provision, no additional provision is considered necessary as at 30 June 2011.

15. OPERATING LEASE ARRANGEMENTS

- (a) As lessor

The Group leases out certain of its properties and plant and machinery under operating lease arrangements. Leases for properties are negotiated for terms ranging from 1 to 20 years and those for plant and machinery are negotiated for terms ranging from 1 to 10 years. The terms of the leases generally also require tenants to pay security deposits and provide for periodic rent adjustments according to the prevailing market conditions.

At 30 June 2011, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	30 June 2011 (Unaudited) RMB'000	31 December 2010 (Audited) RMB'000
Within one year	56,369	54,957
In the second to fifth years, inclusive	131,776	114,062
After five years	74,671	74,712
	262,816	243,731

- (b) As lessee

The Group leases certain properties, plant and machinery and motor vehicles under operating lease arrangements. Leases for properties are negotiated for terms ranging from 1 to 50 years, while those for plant and machinery are for terms ranging from 1 to 20 years and those for motor vehicles are for a period of one year.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30 JUNE 2011

15. OPERATING LEASE ARRANGEMENTS (continued)

(b) As lessee (Continued)

At 30 June 2011, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2011 (Unaudited) RMB'000	31 December 2010 (Audited) RMB'000
Within one year	46,223	51,650
In the second to fifth years, inclusive	90,789	88,988
After five years	84,868	87,871
	221,880	228,509

16. COMMITMENTS

In addition to the operating lease commitments detailed in note 15(b) above, the Group had the following capital commitments at the end of reporting date:

	30 June 2011 (Unaudited) RMB'000	31 December 2010 (Audited) RMB'000
Contracted, but not provided for		
In respect of the acquisition of:		
- land and buildings	366,620	336,513
- plant and machinery	1,023,163	831,224
- intangible assets	33,700	34,915
	1,423,483	1,202,652
Authorised, but not contracted for		
In respect of the acquisition of:		
- land and buildings	-	126,734
- plant and machinery	347,392	461,180
In respect of capital contribution to:		
- companies to be established/acquired	9,934	179,934
	357,326	767,848
	1,780,809	1,970,500

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30 JUNE 2011

17. RELATED PARTY TRANSACTIONS

(a) The Group had the following material transactions with related parties during the Period:

	Notes	For the six months ended 30 June	
		2011 (Unaudited) RMB'000	2010 (Unaudited) RMB'000
Purchase of materials from:	(i)		
Associates		676,441	644,521
SEC group companies		620,057	493,631
Other related companies		590,282	329,334
		1,886,780	1,467,486
Sales of goods to:	(i)		
Associates		117,604	84,689
SEC group companies		354,457	243,402
Other related companies		156,309	198,706
		628,370	526,797
Construction contract from:	(i)		
Other related company		-	188,997
Purchase of services from:	(i)		
Associates		-	76
SEC group companies		18,265	9,376
Other related companies		7,240	29,192
		25,505	38,644
Provision of services to:	(i)		
The ultimate holding company		-	1,926
Associates		43,806	42,544
SEC group companies		265	1,015
Other related companies		-	148
		44,071	45,633

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30 JUNE 2011

17. RELATED PARTY TRANSACTIONS (continued)

- (a) The Group had the following material transactions with related parties during the Period (continued):

	Notes	For the six months ended 30 June	
		2011	2010
		(Unaudited) RMB'000	(Unaudited) RMB'000
Rental income from:	(ii)		
Associates		6,422	7,170
Rental fee to:	(ii)		
The ultimate holding company		12,626	12,626
Associates		990	990
SEC group companies		3,416	308
Other related companies		-	1,150
		17,032	15,074

Notes:

- (i) Sales and purchases, services and construction contract were conducted in accordance with mutually agreed terms.
- (ii) Rental income and rental fee were based on mutually agreed terms with reference to the market rates.
- (b) Other material transactions with related parties
- (i) The Company and SE Corporation entered into entrusted agreements, according to which the Company entrusted SE Corporation to negotiate with Vietnam Quang Ninh Thermal Power Joint-Stock Company ("Vietnam Quang Ninh") and respective suppliers as well as constructors regarding the construction of Phase I and Phase II of coal-fired power plant(the "Project"). SE Corporation acted as an entrusted party to sign the contracts on behalf of the Company. SE Corporation would not charge any fee in relation to the entrusted agreements apart from a reimbursement of reasonable costs actually incurred.

Sales regarding the Project of RMB73,323,000 was recognised during the Period. In addition, purchases of RMB30,153,000 were incurred through SE Corporation during the period.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30 JUNE 2011

17. RELATED PARTY TRANSACTIONS (continued)

- (c) Interest on deposit and loan services provided to related parties by Finance Company

	For the six months ended 30 June	
	2011 (Unaudited) RMB'000	2010 (Unaudited) RMB'000
Interest expenses for customer deposits:		
The ultimate holding company	3,396	1,760
Jointly-controlled entities	2	2
Associates	2,402	89
SEC group companies	7,135	3,665
Other related companies	9	22
	12,944	5,538
Interest income for loans and bills discounting:		
The ultimate holding company	8,285	11,287
Jointly-controlled entities	850	320
Associates	570	766
SEC group companies	43,594	20,552
	53,299	32,925

Interest rates for customer deposits, loans and bills discounting were determined with reference to the interest rates adopted by financial institutions as regulated by the People's Bank of China.

- (d) Compensation of the key management personnel of the Group

	For the six months ended 30 June	
	2011 (Unaudited) RMB'000	2010 (Unaudited) RMB'000
Fees	354	375
Salaries and other allowances	1,021	786
Employee benefits	68	79
Post-employment benefits	74	81
	1,517	1,321

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30 JUNE 2011

18. OTHER SIGNIFICANT MATTERS

On 20 April 2011, the Company entered into a letter of binding intent with Alstom Holdings in Paris, France for the establishment of an equity joint venture (the "JV") in Shanghai, the PRC and the contribution of their respective boiler business to the JV which will be principally engaged in power plant boilers and boiler related equipment business. Upon the JV's formation, the Company and Alstom Holdings will own a 50% equity interest in the JV. Up to the date of approval of the unaudited interim condensed consolidated financial statements, JV agreement and other related matters are still under negotiation.

19. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the period's presentation.

20. APPROVAL OF THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements have not been audited, but have been reviewed by the Company's audit committee.

The unaudited interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 19 August 2011.