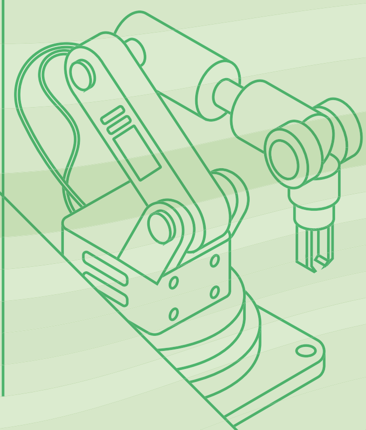
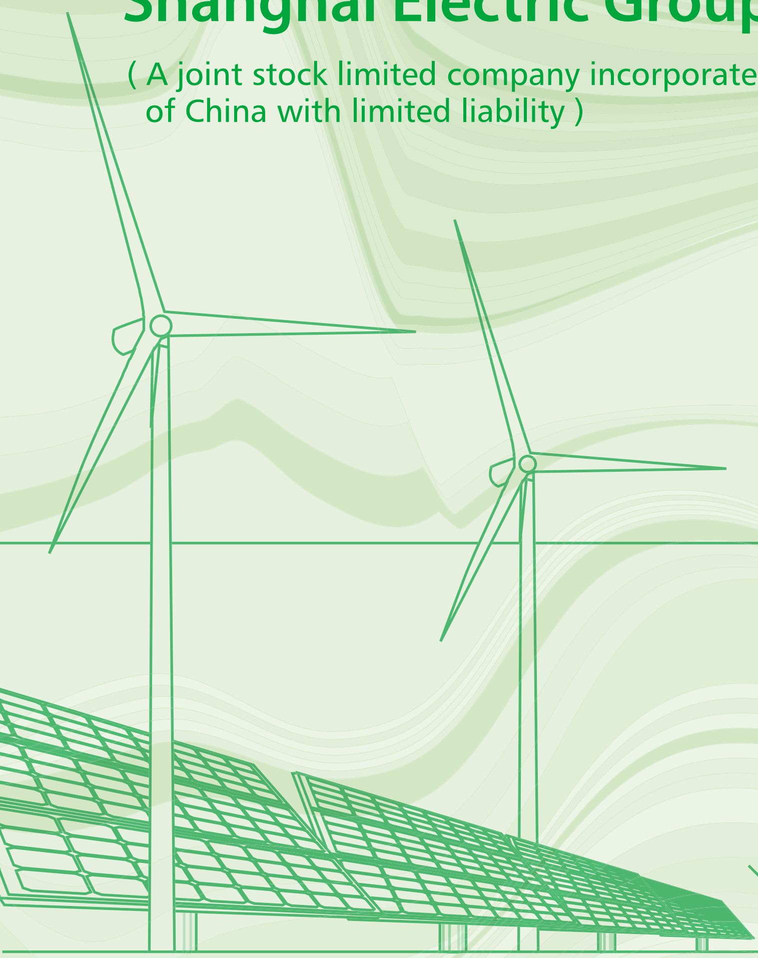
上海电气
SHANGHAI ELECTRIC



2023
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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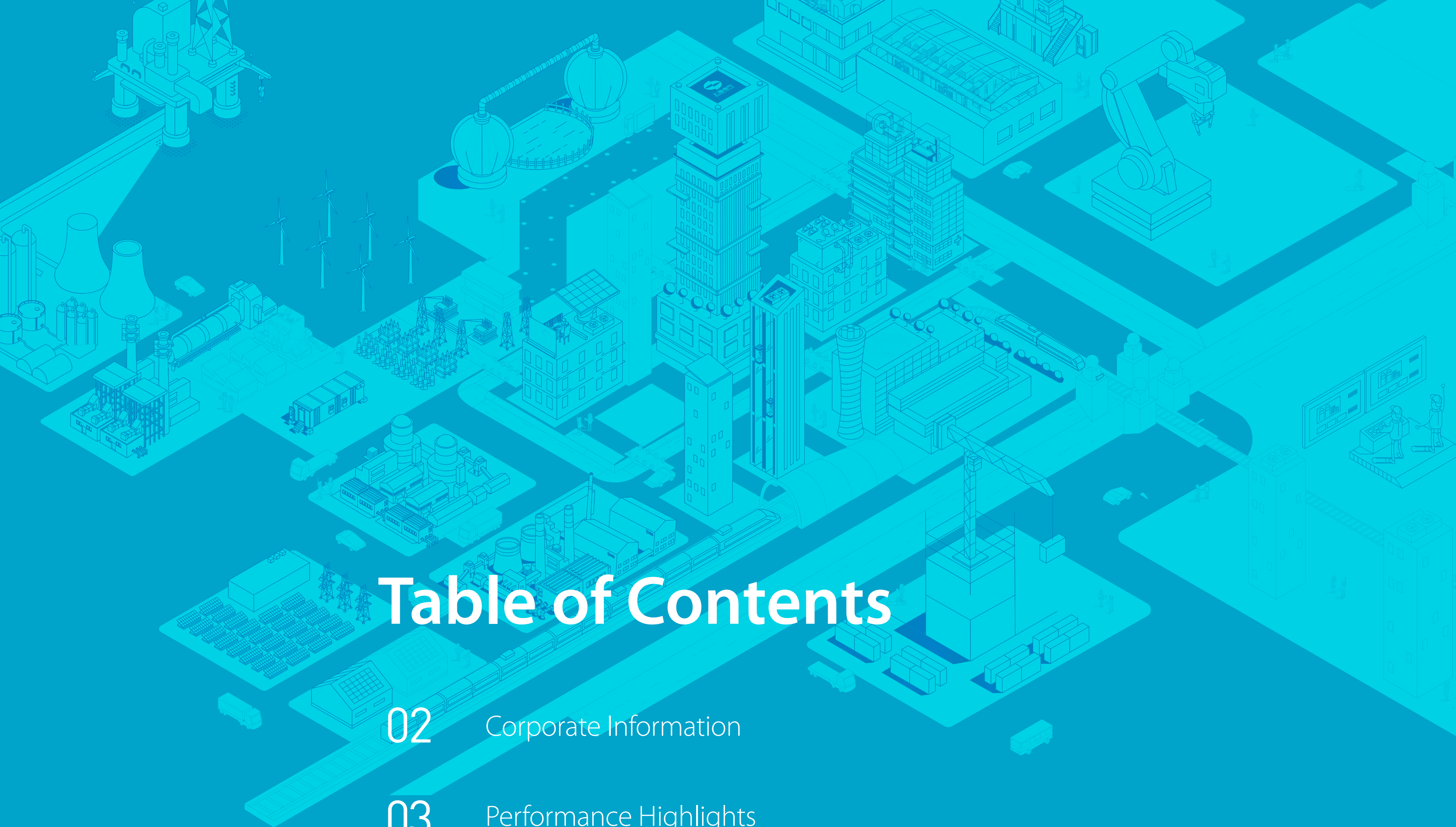


Table of Contents

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	Leng Weiqing
Company's authorized representatives	Leng Weiqing, Liu Ping
Company's alternative authorized representative	Zhou Zhiyan
Joint Company Secretaries	Zhou Zhiyan, Leung Kwan Wai

Contact Person and Contact Details

	Secretary to the Board
Name	Zhou Zhiyan
Correspondence address	No. 110 Sichuan Middle Road, Huangpu District, Shanghai
Telephone	+86 (21) 33261888
Fax	+86 (21) 34695780
Email	ir@shanghai-electric.com

Summary of Basic Information

Registered address	30/F, Maxdo Center, No.8 Xingyi Road, Shanghai (zip code: 200336)
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
Name of domestic auditors appointed by the Company	PricewaterhouseCoopers Zhong Tian LLP
Business address of domestic auditors appointed by the Company	42nd Floor, Qiantan Center, No. 588 Dongyu Road, Pudong New District, 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 2023 was **RMB53,078 million**, an increase of **5.5%** as compared with the corresponding period of last year

- Profit attributable to owners of the Company for first half of 2023 was **RMB590 million**, loss attributable to owners of the Company for the corresponding period of last year was **RMB991 million**

- Basic earnings per share of the Company for first half of 2023 was **RMB0.04 yuan**, basic loss per share of the Company for the corresponding period of last year was **RMB0.06 yuan**

- New orders for first half of 2023 amounted to **RMB82.01 billion**, an increase of **38.4%** as compared with the corresponding period of last year

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

CHAIRLADY'S STATEMENT

Chairlady and CEO
Leng Weiqing

Since the beginning of this year, the international situation has been complicated and severe, while the domestic economy has been adversely affected by many adverse effects including weakening external demand, insufficient internal demand, and intertwined and overlapping cyclical and structural conflicts. During the reporting period of six months ended 30 June 2023 (the "Reporting Period"), in the face of the external environment with both opportunities and challenges, we insisted on taking the strategy of "carbon peaking and carbon neutrality" and a comprehensive green and low-carbon transformation as the main line of development, stepped up scientific and technological innovations, actively explored new tracks, accelerated the transformation and upgrading of industries, and solidly promoted the full implementation of the Group's "14th Five-Year Plan" strategy.

Results Review

During the Reporting Period, the Company achieved total revenue of RMB53,078 million, representing a year-on-year increase of 5.5%; and the gross profit margin of the Company was 17.9%, representing a year-on-year increase of 0.9 percentage point. The net profit attributable to owners of the Company for the Reporting Period was RMB590 million, and net loss attributable to owners of the Company for the corresponding period of last year was RMB991 million. The basic earnings per share of the Company for the Reporting Period was RMB0.04 yuan, basic loss per share for the corresponding period of last year was RMB0.06 yuan. During the Reporting Period, the Company turned loss to profit as compared with the corresponding period of last year, mainly due to: (1) during the Reporting Period, the Company focused on its main business, actively explored the markets and optimized its industrial structure, leading to an increase in operating revenue over the corresponding period of last year; (2) during the Reporting Period, the Company continued to improve its management efficiency, and increased its investment in scientific research to enhance its product competitiveness, leading to an increase in gross profit margin compared to the corresponding period of last year; (3) at the end of the Reporting Period, the fair value of financial assets held by the Company has increased compared with the beginning of the period.

During the Reporting Period, the Company obtained new orders in the amount of RMB82.01 billion, representing a year-on-year increase of 38.4%. Among the new orders of the Company, orders for energy equipment amounted to RMB49.46 billion (of which orders for nuclear power equipment, coal-fired power equipment, energy storage equipment and wind power equipment amounted to RMB7.82 billion, RMB22.68 billion, RMB6.21 billion and RMB3.08 billion, respectively), orders for industrial equipment amounted to RMB21.43 billion, and orders for integration services amounted to RMB11.12 billion. As at the end of the Reporting Period, our orders on hand amounted to RMB284.18 billion, representing an increase of 5.8% from the end of the preceding year. Among our orders on hand by the end of the Reporting Period, orders for energy equipment amounted to RMB165.54 billion (of which orders for nuclear power equipment, coal-fired power equipment, energy storage equipment and wind power equipment amounted to RMB32.59 billion, RMB70.10 billion, RMB9.39 billion and RMB26.03 billion, respectively), orders for industrial equipment amounted to RMB15.86 billion, and orders for integration services amounted to RMB102.78 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 Create the Primary Driving Force for Development

The theme of 2023 for the Company is "Year of Scientific and Technological Innovation" of Shanghai Electric, based on the Group's "14th Five-Year Plan" strategic objectives, we have taken scientific and technological innovation as the primary driving force for high-quality development. The Company are actively constructing an open, collaborative and win-win technological innovation system, dedicated to facilitating the flow and integration of various global technological resources and elements within the Group. This system aims to build an open innovation system with three characteristics: first, it features a technological source system characterized by "self-reliance + international cooperation." By synergizing self-reliance and international cooperation, the system is based on self-sufficiency, independent innovation, and self-reliance, while simultaneously enhancing openness and expanding international cooperation. It leverages international technological resources to enhance foresight and leadership. Second, it features a technology research and development organization system characterized by "small internal think tank + large external brain storm". The Group's research institutions are integrated into the wider social technology innovation chain, mobilizing social technological, capital and talent resources. This integration allows for effective learning, combination, and utilization of society's most proficient and advantageous technological resources, thereby promoting the technology progress and capability improvement of our products. Third, it features a value-creation system characterized by the integration of the "innovation chain + industry chain + value chain." Focusing on the latest research and development achievements, the system aims to industrialize the latest technological breakthroughs. Simultaneously, by leveraging the power of capital, it drives the industrialization and commercialization of new products, effectively connecting the innovation chain, industry chain, and value chain, and truly regarding technology as the primary productive force. During the Reporting Period, the central research institute of the Company and the National Research Institute for Additive Manufacturing established a joint laboratory, which will focus on mutual empowerment and collaborative innovation in such areas as additive and subtractive manufacturing equipment and industrial software. We have been engaging in collaborative innovation discussions with a group of top domestic universities and research institutions, including Shanghai Jiao Tong University, Tsinghua University, and the Yangtze River Delta National Innovation Center, with goals to establish a long-term and stable collaborative innovation platform. In the "2022 Shanghai Science and Technology Awards" announced in May 2023, Shanghai Electric won a total of five first and second prizes across different categories. We are building high-end equipment industry layout with hardcore technology and achieved breakthroughs in some core technology areas. The technical achievement of "Development and Application of Main Pipe for Large Nuclear Power Plant CAP1400 (Guohe One)", of which we participated in the research and development, passed the appraisal of China Nuclear Society, which is the largest stainless steel forged main pipe in the world's pressurized water reactor (PWR) nuclear power plants at present.

Combined with the "carbon peaking and carbon neutrality" strategy, we are actively deploying technologies in the fields of new energy, to empower the deepening of the zero-carbon economy and building a new power system. In the field of energy storage technology, Shanghai Electric Energy Storage Technology Co., Ltd. released 500kW/3,000kWh redox flow energy storage system, which fully demonstrates our technological precipitation in the field of all-vanadium redox flow energy storage by virtue of the effect of "superposition" of form, function and efficiency. In the field of hydrogen energy technology, we have launched the 2,000Nm^3/h alkaline electrolyzer product, which is currently the water electrolysis hydrogen production product with the largest single unit hydrogen production capacity in China, and its maximum hydrogen production capacity can be expanded to 2,500Nm^3/h, which can satisfy the demand for large-scale hydrogen production and use in such scenarios as wind and photovoltaic power bases and green chemical/metallurgy applications. In terms of wind power technology, Shanghai Electric Wind Power Group Co., Ltd. ("SEWP") launched the 16+MW wind turbine, one of the Poseidon platform's whole-ocean area high-capacity series products, which was the offshore wind turbine that had won the bidding with the largest unit capacity and the largest rotor diameter in the world at that time. The series product can achieve platform-based development, adapt to different foundation forms, different water depth, covering the whole-sea area wind conditions, and its capacity can be expanded to 18MW. In the field of photovoltaic technology, we have proactively entered the heterojunction photovoltaic industry, and through the deployment of production capacity and technology research and development of high-efficiency heterojunction battery and module, we are committed to mastering the N-type new generation of core photovoltaic technology, promoting the implementation of the green power and zero-carbon industry, and relying on our comprehensive strength in the field of energy and industrial equipment, we continue to build the "photovoltaic +" and new energy application scenarios integrated solutions.

In terms of talent leadership, we always adhere to the "talent is the primary resource" strategy and adopt the introduction, training, and forging of scientific and technological innovation talents capable of supporting the strategic development of Shanghai Electric as the main direction for the construction of the talents team. Through the ongoing construction of outstanding engineer team with the "ability to lead tracks" and model workers and craftsmen team with the "ability to strive for achievements", and the training of technicians and engineers under the "dual tutor system", more high-tech and high-skilled talents who can take on the responsibility of scientific and technological self-reliance would be cultivated. We formulated the Leading Talents Introduction Plan and the Successor Plan, established market-based incentive and restraint mechanism for attracting and retaining scientific and technological talents, further improved the assessment system, and promoted the integration of the development chain of various talents and innovation chain; and we initiated a special pilot program for jointly cultivating engineering masters and PhD graduates with Shanghai Jiao Tong University and East China University of Science and Technology and explored multiple modes of school-enterprise cooperation with a number of colleges and universities.

Accelerating the Layout of New Energy Tracks to Actively Practice the Goal of "Carbon Peaking and Carbon Neutrality"

During the Reporting Period, we officially released Shanghai Electric Group's "Carbon Peaking and Carbon Neutrality" Action Plan, which puts forward the development goal of "ensuring peak carbon dioxide emissions by 2030, pursuing carbon neutrality in operations by 2035, and achieving carbon neutrality in the entire value chain by 2055". Based on the realization of our "carbon peaking and carbon neutrality" goal, we accelerated the layout of the new tracks, with a focus on the development of new energy industries including wind power, photovoltaic, energy storage and hydrogen energy. Combined with the synergistic collaboration in multiple fields, we provide comprehensive new power system solutions for industrial users.

In the field of energy storage, we have been proactive in the deployment of multiple energy storage technology routes, such as compressed air energy storage, pumped storage, flywheel energy storage, lithium battery energy storage and redox flow energy storage, to build a synergistic development ecology for multiple energy storage industries. During the Reporting Period, we won the bid for the world's first 300MW class compressed air energy storage demonstration project under construction – the project of air compressor unit supporting motor of Hubei Yingcheng 300MW compressed air energy storage power plant demonstration project, marking that we have the ability to provide ultra-large capacity, ultra-high efficiency and ultra-high speed motor solutions to the compressor unit of advanced large-scale compressed air energy storage systems. During the Reporting Period, we won the bid for the innovative demonstration project of compressed air + lithium battery combined grid-side shared energy storage power station in Tongwei County, Dingxi City, Gansu Province, which can effectively alleviate the pressure of new energy power peak and frequency regulation, improve the power structure of power grids and the ability to consume energy, help consolidate and enhance the local power supply capability and power grid security by means of new energy storage comprehensive utilisation model. During the Reporting Period, the vanadium redox flow energy storage equipment for the Japanese industrial and commercial customer-sided photovoltaic power and energy storage microgrid demonstration project that we had undertaken passed customer acceptance and its shipment was completed, which is of milestone significance to our deployment in global energy storage market.

In the field of hydrogen energy, relying on our technology accumulation in high-end equipment manufacturing and system integration, we actively provide the whole industry chain solution, i.e., "production, storage, refuelling and use" of hydrogen energy. Shanghai Qingqi Shidai Technology Co., Ltd., a subsidiary of the Company, has a first-class water electrolysis hydrogen production R&D laboratory in the world, which provides a full range of basic support for key material research and development, component preparation and product manufacturing. During the Reporting Period, we completed the construction of the first "Green Hydrogen Production-Storage-Use" integration demonstration project used in industrial parks in China, which is the largest multi-functional test and verification platform for PEM water electrolysis hydrogen production system in China at present.

In the field of wind power, SEWP continued to maintain its leading position in the field of offshore wind power, ranking first in the country in terms of newly installed capacity of offshore wind power for eight consecutive years. Based on the development concept of "be proficient in wind power and not limited in wind power" and years of leading experience in wind power, we provided customers with whole-life-cycle supporting wind power solutions, and developed new application scenarios of "wind power+". The intelligent wind power manufacturing base of SEWP in Shantou has built an intelligent manufacturing system of digital procurement, digital application and digital decision-making, and an intelligent microgrid integrating wind power, photovoltaic power, energy storage and charging piles, which is one of the first batch of green and intelligent energy projects, and a benchmark demonstration project of intelligent wind power applying the 5G industrial Internet in China.

In the field of photovoltaics, during the Reporting Period, a number of photovoltaic projects we had undertaken in overseas markets such as the UK and Japan were successfully connected to the grid. In the field of photovoltaic thermal technology, The Dubai Photovoltaic Thermal Power Plant Project we undertake is a photovoltaic power generation complex project with the world's largest installed capacity and highest technological standard, which is equipped with the largest heat reserve of molten salt, and will realize 24-hour continuous power generation, and through the project, we have provided a demonstration of a large-scale, long-duration, and low-cost regulatory power supply case.

Maintaining Deep Cultivation of High-End Equipment Manufacturing to Promote the Optimization and Upgrading of Industrial Structure

We maintain deep cultivation of high-end equipment field, actively promote the optimization and upgrading of industrial structure, and fully exploit our advantage of system solutions in energy and industrial fields to facilitate industrial customers achieve the green and low-carbon transformation development.

In the field of nuclear power, our nuclear power business continues to maintain the first place in the industry in terms of overall market share. During the Reporting Period, Unit No. 3 of CGN Guangxi Fangchenggang Nuclear Power Station, the first "Hualong One" nuclear power unit in the western region of China, of which we participated in the construction, was formally put into operation and had the conditions for commercial operation, which further verified the safety and maturity of "Hualong One", the third generation nuclear power technology by China's proprietary intellectual property rights. In the field of the fourth generation nuclear power technology, relying on our good technical equipment capacity and technology accumulation, we have secured orders for many sets of high-temperature gas-cooled reactors main equipment. During the Reporting Period, we won the bid for the project of flat actuator test piece for the DEST simulator project of Institute of Rock and Soil Mechanics, Chinese Academy of Sciences, the project of large-scale analogue pressure test device of Shenyang Institute of Automation, Chinese Academy of Sciences, the project of the magnet support for the vacuum chamber of Hebei ENN's fusion experimental reactor.

In the field of high-efficiency clean energy, centering on the theme of promotion of the energy revolution and strengthening of the clean and efficient use of coal, we have leveraged on our technology and market accumulation in the thermal power sector, made efforts towards the market of "three reforms linkages" (三改聯動) of coal-fired power generation stations, and continued to set new records for the lowest coal consumption in the world for coal-fired power units, thus activating new vitality of the high-efficiency and clean development of coal-fire power generation. During the Reporting Period, thanks to the excellent performance and long-term safe and stable operation of ultra-supercritical main equipment, we won a number of orders for high-efficiency clean energy projects in China. We obtained the project of expansion of comprehensive utilisation and power generation of Guangdong Guoyue in Shaoguang, for which our independently-developed 700MW ultra-supercritical circulating fluidised bed boiler will be adopted, which is the circulating fluidised bed boiler with the largest single unit capacity, the highest parameters and the best performance in energy-saving and environmental protection in the world.

During the Reporting Period, we entered into a long-term service contract for the project of gas-steam combined cycle generating unit with Bensteel Sheet Co., Ltd., achieving the breakthrough in the field of long-term service for low calorific value combustion turbines.

In the field of elevator equipment, the first 10 m/s "Ling Yun" series LEHY-H ultra-high-speed elevator of Shanghai Mitsubishi Elevator Co., Ltd. ("SMEC") was delivered, and the traction machine, control cabinet and main safety components of the series product were manufactured independently. SMEC continued to expand the service industrialization development, trying to make breakthroughs in the businesses of old elevator transformation and elevator installation for old houses to create new growth in service business.

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 promote business integration and industrial synergy and has developed "professional, refined, featured and innovative" business clusters with high quality. Shanghai Tool Works Co., Ltd., a subsidiary of the Company, was recognised as a professional, refined, featured and innovative enterprise in Shanghai, thus, all the domestic subsidiaries of the Company in the four major industrial basic parts business areas of blades, bearings, fasteners and tools have been recognized as professional, refined, featured and innovative enterprises in this year.

In the field of aviation assembly and manufacturing lines, we have relied on our extreme 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. In the field of intelligent transport, during the Reporting Period, Thales SEC Transportation System Limited Company released TSTCBTC®3.0, the next-generation autonomous train control signalling system, which further improves the efficiency of train control and enhances the level of intelligent autonomy of the trains through the use of the latest technologies such as autonomous obstacle detection and 5G.

We are launching multi-level and multi-scene intelligent manufacturing practices, deepening the integration and development of new-generation information technologies such as artificial intelligence, 5G and Industrial Internet with the manufacturing industry, to create intelligent scenes such as "Digital Twin+", "Artificial Intelligence+", and "Big Data+", and to build intelligent workshops and factories, and to develop an intelligent supply chain with interconnected data, trusted and interactive information, in-depth collaborative production, and flexible resources allocation. During the Reporting Period, we accelerated the enhancement of our "digital intelligence" capabilities, and some of our manufacturing plants such as the intelligent turbine core equipment factory at Shanghai turbine plant of Shanghai Electric Power Generation Equipment Co., Ltd., the intelligent large turbine generator factory at Shanghai generator plant of Shanghai Electric Power Generation Equipment Co., Ltd., the intelligent elevators factory of SMEC, intelligent nuclear pump and valve factory of Shanghai Electric-KSB Nuclear Pumps and Valves Co., Ltd. being selected into the list of the top 100 Smart Factories in Shanghai. In the field of urban digital intelligence, we have won the bidding for the intelligent management platform project in Yangpu District of Shanghai to help the digital transformation of cities.

Outlook

Looking forward to the second half of 2023, we will firmly adhere to the general working tone of "pursuing progress while ensuring stability, adhering to integrity and innovation and unswervingly following the path of high-quality development", strive to enhance our ability in scientific and technological innovation, industrial development, reform and innovation, and sustainable development. We will focus on the main responsibility and main business, concentrate on our advantages, contribute to promoting the realization of high-quality development of the Group under the strategic goal of "carbon peaking and carbon neutrality" driven by scientific and technological innovation.

Leng Weiqing
Chairlady and CEO
Shanghai, the PRC
30 August 2023

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Company achieved total revenue of RMB53,078 million, representing a year-on-year increase of 5.5%; the net profit attributable to owners of the Company was RMB590 million, while the net loss attributable to owners of the Company for the corresponding period of last year was RMB991 million.

PRINCIPAL ACTIVITIES AND OPERATION REVIEW OF THE COMPANY

Energy Equipment

During the Reporting Period, the energy equipment segment achieved total revenue of RMB25,677 million, representing a year-on-year increase of 5.8%, which was mainly attributable to the increase of revenue from coal-fired power generation and power grid businesses compared with the corresponding period of last year. During the Reporting Period, the gross profit ratio of the energy equipment segment was 19.4%, representing a year-on-year increase of 2.2 percentage points, which was mainly attributable to the increase in gross profit margin of the coal-fired power generation and power grid businesses.

Industrial Equipment

During the Reporting Period, the industrial equipment segment achieved total revenue of RMB19,609 million, representing a year-on-year increase of 17.0%, which was mainly due to the increase in revenue from elevators, industrial basic parts and other businesses compared with the corresponding period of last year. During the Reporting Period, the gross profit ratio of the industrial equipment segment was 16.8%, slightly higher than that of the corresponding period of last year.

Integration Services

During the Reporting Period, the integration services segment achieved total revenue of RMB10,265 million, representing a year-on-year decrease of 11.7%, which was mainly due to the decrease in revenue of engineering projects resulted from the Company's optimization of the industrial structure and change of scope of consolidated financial statements. During the Reporting Period, the gross profit ratio of the integration services segment was 12.6%, representing a year-on-year decrease of 1.2 percentage points, which was mainly caused by the changes in the structure of gross profit ratio.

MANAGEMENT DISCUSSION AND ANALYSIS

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	289,550,199	288,020,852	0.53
Equity attributable to owners of the Company	53,077,720	54,862,313	(3.25)
Net assets per share attributable to owners of the Company (Yuan/share)	3.41	3.52	(3.13)

	The Reporting Period (from January to June 2023)	The corresponding period of last year	Increase/decrease for the Reporting Period as compared to the corresponding period of the last year (%)
Total revenue	53,077,946	50,292,790	5.54
Operating revenue	52,859,907	50,010,830	5.70
Operating profit	1,857,552	64,038	2,800.70
Total profit	1,822,273	96,033	1,797.55
Net profit/(loss) attributable to owners of the Company	590,363	(991,340)	N/A
Basic earnings /(loss) per share (Yuan)	0.04	(0.06)	N/A
Weighted average return on net assets (%)	1.09	(1.72)	N/A
Net cash flow generated from operating activities	(4,329,587)	(6,622,924)	N/A
Net cash flow per share generated from operating activities (Yuan)	(0.28)	(0.43)	N/A

The main reasons for significant changes in some of the major financial data and indicators of the Reporting Period compared with the corresponding period of last year was as follows: 1. during the Reporting Period, the Company focused on its main business, actively explored the markets and optimized its industrial structure, leading to an increase in operating revenue over the corresponding period of last year; 2. during the Reporting Period, the Company continued to improve its management efficiency, and increased its investment in scientific research to enhance its product competitiveness, leading to an increase in gross profit margin compared to the corresponding period of last year; 3. at the end of the Reporting Period, the fair value of financial assets held by the Company has increased compared with the beginning of the period.

Major Financial Reporting Items and Analysis of Changes

Unit: 100 million; Currency: RMB

	January to June 2023	January to June 2022	Year-on-year Change (%)
Operating revenue	528.60	500.11	5.70
Operating cost	435.70	417.24	4.42
Selling and distribution expenses	17.45	15.74	10.86
General and administrative expenses	33.80	34.47	(1.94)
Research and development expenditures	23.27	19.06	22.09
Financial expenses	2.91	6.82	(57.33)
Net cash flows generated from operating activities	(43.30)	(66.23)	N/A
Net cash flows generated from investing activities	(6.66)	10.76	N/A
Net cash flows generated from financing activities	(31.84)	(15.30)	N/A

Reasons for change in financial expenses: mainly due to the increase in the interest income and exchange gain compared with the corresponding period of last year.

Reasons for change in net cash flows generated from operating activities: mainly due to the increase in the cash received from selling goods as compared with the corresponding period of last year.

Reasons for change in net cash flows generated from investing activities: mainly due to the increase in cash paid for investment as compared with the corresponding period of last year.

Reasons for change in net cash flows generated from financing activities: mainly due to cash outflow from financing activities arising from the acquisition of minority shareholder equity in the current period.

Assets and Liabilities

As at 30 June 2023, total assets of the Group were RMB289,550 million (31 December 2022: RMB288,021 million), representing an increase of RMB1,529 million, or 0.5%, compared with that of the beginning of the year. Total current assets decreased by RMB2,053 million from the beginning of the year to RMB199,101 million (31 December 2022: RMB201,154 million), accounting for 68.8% of the total assets. Total non-current assets increased by RMB3,582 million from the beginning of the year to RMB90,449 million (31 December 2022: RMB86,867 million), accounting for 31.2% of the total assets.

As at 30 June 2023, total liabilities of the Group were RMB204,593 million (31 December 2022: RMB193,827 million), representing an increase of RMB10,766 million, or 5.6%, compared with that of the beginning of the year. Total current liabilities increased by RMB6,010 million from the beginning of the year to RMB169,535 million (31 December 2022: RMB163,525 million). Total non-current liabilities increased by RMB4,758 million from the beginning of the year to RMB35,059 million (31 December 2022: RMB30,301 million).

As at 30 June 2023, total net current assets of the Group were RMB29,566 million (31 December 2022: RMB37,629 million), representing a decrease of RMB8,063 million from the beginning of the year.

Source of Funding and Indebtedness

As at 30 June 2023, the Group had an aggregate amount of bank and other borrowings and bonds of RMB47,838 million (31 December 2022: RMB39,056 million), representing an increase of RMB8,782 million as compared with that as of the beginning of the year. Borrowings and bonds repayable by the Group within one year amounted to RMB20,456 million, representing an increase of RMB3,796 million as compared with that as of the beginning of the year. Borrowings and bonds repayable after one year amounted to RMB27,382 million, representing an increase of RMB4,986 million as compared with that of the beginning of the year. As at 30 June 2023, among the Group's bank and other borrowings:

(1) The unsecured borrowings
borrowings denominated in US dollars amounted to USD366,000 thousand in total (31 December 2022: USD368,000 thousand), equivalent to RMB2,644,643 thousand (31 December 2022: RMB2,562,973 thousand);
borrowings denominated in Euros amounted to EUR448,407 thousand in total (31 December 2022: EUR431,090 thousand), equivalent to RMB3,532,146 thousand (31 December 2022: RMB3,199,941 thousand);
borrowings denominated in Hong Kong dollars amounted to HKD525,011 thousand in total (31 December 2022: HKD525,018 thousand), equivalent to RMB484,050 thousand (31 December 2022: RMB468,983 thousand);
borrowings denominated in Swiss Franc amounted to CHF375 thousand in total (31 December 2022: none), equivalent to RMB3,022 thousand (31 December 2022: none).

(2) The secured bank borrowings
borrowings denominated in US dollars amounted to USD4,502 thousand (31 December 2022: USD4,502 thousand), equivalent to RMB32,531 thousand (31 December 2022: RMB31,355 thousand);
borrowings denominated in Euros amounted to EUR4,921 thousand (31 December 2022: EUR5,180 thousand), equivalent to RMB38,765 thousand (31 December 2022: RMB38,451 thousand).

(3) The bank guaranteed borrowings
borrowings denominated in US dollars amounted to USD127,919 thousand (31 December 2022: USD142,961 thousand), equivalent to RMB924,315 thousand (31 December 2022: RMB995,667

thousand);
borrowings denominated in Euros amounted to EUR96,250 thousand (31 December 2022: EUR97,500 thousand), equivalent to RMB758,171 thousand (31 December 2022: RMB723,733 thousand).

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

Pledge of Assets

As at 30 June 2023, the Group's bank deposits amounted to RMB1,425 million (31 December 2022: RMB927 million), receivable financing amounted to RMB566 million (31 December 2022: RMB583 million), notes receivable with a carrying amount of RMB38 million (31 December 2022: RMB155 million) and certain property and equipment with a carrying amount of RMB2,161 million (31 December 2022: RMB1,975 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 RMB2,192 million (31 December 2022: RMB1,801 million).

Gearing Ratio

As at 30 June 2023, 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 to the sum of total equity of the shareholders plus interest-bearing bank and other borrowings, bonds, lease liabilities and deposits from customers, was 38.5%, representing an increase of 5.4 percentage points as compared with 33.1% at the beginning of the year.

Contingent Liabilities

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

Capital Commitments

Please refer to note 22 to the unaudited interim consolidated financial information for details.

Capital Expenditure

Total capital expenditure of the Group for the Reporting Period was approximately RMB2,662 million (first half of 2022: RMB1,513 million), which had been applied towards upgrading of production technologies and production equipment.

Potential Risks

Market Risks

The overall growth rate of the Chinese economy is slowing down. 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, and in the field of new energy, market competition is becoming increasingly fierce, 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 achieve the transformation and upgrading of the manufacturing industry and improve the modernization level of the energy industry. 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, continuously improve core competitiveness and actively develop its 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 delayed project progress, 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 environment for the expansion of overseas business is severe. The risks and uncertainties in the import and export 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.

USE OF PROCEEDS

On 7 November 2017, the Company completed the issue of A shares with an aggregate amount of RMB3 billion to eight specific investors including Shanghai Electric Holding Group Co., Ltd. (上海電氣控股集團有限公司) ("SEGC", the controlling shareholder of the Company), by way of non-public issuance. Proceeds from the non-public issuance were originally intended to be used to finance the projects including the Emerging Industrial Park Development Project at Gonghe New Road, the Innovative Industry Park Reformation Project at Beinei Road, the Technology Innovative Park Reformation Project at Jinshajiang Branch Road, and the Industrial Research, Development and Design and High-end Equipment Manufacturing Base Project at Jungong Road. According to the requirements such as adjustments by government authorities to the planning of the relevant areas where the proceeds-funded projects are located, in light of the Company's business development and the change in market conditions and on the principles of satisfying the requirements for use of raised proceeds and reducing the risks associated with the implementation of proceeds-funded projects, after consideration and approval of the second meeting of the fifth session of the Board and approval of the 2018 third extraordinary general meeting, 2018 first A share class meeting and 2018 first H share class meeting, the proceeds would not be used to finance the Emerging Industrial Park Development Project at Gonghe New Road, the Technology Innovative Park Reformation Project at Jinshajiang Branch Road and the Industrial Research, Development and Design and High-end Equipment Manufacturing Base Project at Jungong Road. After consideration and approval of the fourth meeting of the fifth session of the Board and the approval of the 2019 first extraordinary general meeting, 2019 first A share class meeting and 2019 first H share class meeting, the Company applied part of the proceeds towards the completed acquisitions of the 100% equity interests in Wujiang Taihu Industrial Wastes Treatment Company Limited (吳江市太湖工業廢棄物處理有限公司) and the 100% equity interests in Ningbo Hi-Firm Environmental Protection Company Limited (寧波海鋒環保有限公司). After consideration and approval of the twentieth meeting of the fifth session of the Board and the approval of the 2019 second extraordinary general meeting, 2019 second A share class meeting and 2019 second H share class meeting, the Company changed the amount of total investment and implementation mode of as well as the amount of proceeds earmarked for the Innovative Industry Park Reformation Project at Beinei Road and used part of the raised funds in the project of Shanghai Electric Nantong Central Research Institute, and the remaining raised funds were used in permanent replenishment of working capital.

Overall Use of Proceeds Raised from the Placement of A Share

Unit: 100 million; Currency: RMB

Total amount of proceeds	30.00	Total proceeds invested during the year	1.94
Total proceeds used for other purposes instead of the scheduled one(s)	27.09	Total cumulative proceeds invested	29.36
Percentage of total proceeds used for other purposes instead of the scheduled one(s)	90.30%		

Projects with investment commitment	Project changed or not (including those with partial changes, if any)	Total amount of proceeds with investment commitment	Total investment after adjustment	Amount invested during the year	Cumulative amount invested as at the end of the Reporting Period	Date of achieving the project's designed serviceable condition	Benefits generated during the year	Achieved the estimated goal or not
Emerging Industrial Park Development Project at Gonghe Xin Road	Yes	10.55	-	-	-	-	N/A	N/A
Innovative Industry Park Reformation Project at Beinei Road	Yes	2.26	0.66	0.09	0.39	2022	N/A	N/A
Technology Innovative Park Reformation Project at Jinshajiang Branch Road	Yes	3.28	-	-	-	-	N/A	N/A
Industrial Research, Development and Design and High-end Equipment Manufacturing Base Construction Project at Jungong Road	Yes	11.66	-	-	-	-	N/A	N/A
Tax, surcharges and other expenses in relation to the restructuring	No	2.25	2.10	-	2.10	2018	N/A	N/A
Acquisition of 100% equity interests in Wujiang Taihu Industrial Wastes Treatment Company Limited	Yes	-	3.42	-	3.42	2019	N/A	N/A
Acquisition of 100% equity interests in Ningbo Hi-Firm Environmental Protection Company Limited	Yes	-	7.56	-	7.56	2019	N/A	N/A
Shanghai Electric Nantong Central Research Institute Project	Yes	-	7.26	1.85	7.04	2022	N/A	N/A
Permanent replenishment of working capital	Yes	-	8.85	-	8.85	2019	N/A	N/A
Total		30.00	29.85	1.94	29.36			

Changes in proceeds-funded projects	As considered and approved at the second meeting of the fifth session of the Board of the Company held on 22 October 2018, the 2018 third extraordinary general meeting, 2018 first A share class meeting and 2018 first H share class meeting held on 10 December 2018, the Company would no longer use any of the proceeds of RMB2,554 million to finance the Emerging Industrial Park Development Project at Gonghe New Road, the Technology Innovation Park Reformation Project at Jinshajiang Branch Road and the Industrial Research, Development and Design and High-end Equipment Manufacturing Base Project at Jungong Road, including proceeds of RMB2,549 million and interest income on the proceeds of RMB5 million. As considered and approved at the fourth meeting of the fifth session of the Board of the Company held on 16 November 2018, the 2019 first extraordinary general meeting, 2019 first A share class meeting and 2019 first H share class meeting held on 6 May 2019, the Company proposed to use RMB342 million out of the proceeds to acquire the 100% equity interests of Wujiang Taihu Industrial Wastes Treatment Company Limited (吳江市太湖工業廢棄物處理有限公司) through its wholly-owned subsidiary Shanghai Electric Investment Company Limited ("SEI") from Orient Landscape Group Environmental Protection Limited Company (東方園林集團環保有限公司) ("Orient Landscape") and Taizhou Zongze Equity Investment Management LP (台州宗澤股權投資管理合夥企業(有限合夥)) ("Taizhou Zongze"), and use RMB756 million out of the proceeds to acquire the 100% equity interests of Ningbo Hi-Firm Environmental Protection Company Limited (寧波海鋒環保有限公司) from Orient Landscape and Taizhou Zongze. The Company had completed the abovementioned acquisitions through SEI and supplemented the self-owned funds early invested with the proceeds. As considered and approved at the twentieth meeting of the fifth session of the Board of the Company on 27 September 2019, and as considered and approved at the 2019 second extraordinary general meeting, 2019 second A share class meeting and the 2019 second H share class meeting on 14 November 2019, the Company proposed to change the amount of total investment and implementation mode of as well as the amount of proceeds earmarked for the Innovative Industry Park Reformation Project at Beinei Road. The total investment was adjusted to RMB130 million; a project company was jointly established by Shanghai Electric Group Property Company Limited (上海電氣集團置業有限公司) ("SEC Property") and Shanghai Yuanying Investment Management Co., Ltd. (上海元盈投資管理有限公司), a controlled subsidiary of Shanghai Guorun Investment and Development Company Limited (上海國潤投資發展有限公司) to function as the implementation entity. The project company has a registered capital of RMB20 million, and is owned as to 60% by SEC Property through its contribution of self-financed funds in the amount of RMB12 million. Proceeds earmarked for the project was reduced from RMB226 million to RMB66 million, which was provided to SEC Property by the Company through capital contribution, and in turn allocated to the project company by SEC Property by way of entrusted bank loans at an interest of 8% per annum for construction of Innovative Industry Park Reformation Project at Beinei Road. In addition, upon intensive research and deliberation, the Company proposed to appropriate RMB726 million from the RMB1,451 million previously set apart for proceeds-funded projects yet pending for confirmation to invest in the Shanghai Electric Nantong Central Research Institute Project, and use the remaining proceeds of RMB891 million (such funds comprise proceeds of RMB885 million and interest income therefrom of RMB6 million) to replenish working capital permanently.
Upfront investment in the project to be invested through fund raising and replacement of such investment with the proceeds	On 17 April 2018, the Proposal in Relation to the Replacement of the Self-Pooled Upfront Investment in Projects to be Invested Through Fund Raising with the Proceeds was considered and approved at the sixty-fourth meeting of the fourth session of the Board of the Company, which proposed to replace the self-pooled upfront investment in projects to be invested through fund raising with RMB88 million out of the proceeds. PricewaterhouseCoopers Zhong Tian LLP reviewed the upfront investment in relation to the fund raising through nonpublic issuance of A shares, and issued the PricewaterhouseCoopers Zhong Tian Te Shen Zi (2018) No.1870 document, i.e., the Report and Verification Report on Upfront Investment with Self-Pooled Funds in the Project to be Invested Through Funds Raising. Guotai Junan Securities Co., Ltd. also expressed opinions on the Company's replacement of the self-pooled upfront investment in projects to be invested through fund raising with the proceeds.

Provisional replenishment of working capital with the idle proceeds from fund raising	On 22 January 2018, the Proposal in Relation to the Company's Provisional Replenishment of Working Capital with Certain Idle Proceeds from Fund Raising was considered and approved at the fifty-ninth meeting of the fourth session of the Board of the Company. It was approved that idle proceeds totaling not more than RMB2 billion would be used to replenish working capital on the condition that funding needs of the projects to be invested through fund raising can be assured and on a provisional basis. The Company utilized the aforesaid proceeds to replenish working capital on 23 January 2018. The Company returned all the above-mentioned proceeds totaling RMB2 billion for the replenishment of working capital to the special account for proceeds on 14 January 2019. On 18 January 2019, the Proposal in Relation to the Company's Provisional Replenishment of Working Capital with Certain Idle Proceeds from Fund Raising was considered and approved at the sixth meeting of the fifth session of the Board of the Company. It was approved that idle proceeds totaling not more than RMB2.5 billion would be used to replenish working capital on the condition that funding needs of the projects to be invested through fund raising can be assured and on a provisional basis. The Company utilized the aforesaid proceeds to replenish working capital on 21 January 2019 and returned all the above-mentioned proceeds on 19 November 2019.
Reasons for not meeting the schedule	Advance has been made in the application for approval of the project positioning of the Innovative Industry Park Reformation Project at Beinei Road as per requirements under the "50 Guidelines for Cultural and Creative Industries" of Shanghai. Approval from relevant government departments has been obtained for the project positioning, and meeting minutes have been issued. It was originally planned to complete the construction of the project by the end of 2021. In order to meet the needs of contracted customers for supporting facilities such as water, electricity and gas, the project adjusted the layout plan of certain pipelines and adjusted the construction arrangement, resulting in the failure to complete the construction of the project by the end of 2021. The construction of the project was completed in late 2022 and the project reached its designed serviceable condition. In January 2023, the payment of various engineering costs of the project was completed and the utilization of proceeds was finished. The remaining proceeds of the project are mainly due to the project company's adjustment of investment intensity and scope in order to ensure the investment safety and reduce investment risks since the market rent affordability has decreased significantly as affected by the external market. Shanghai Electric Nantong Central Research Institute Project was originally scheduled to be completed by the end of June 2021. Affected by the supply chain and logistics issues, the construction of the project was delayed. The completion and filing and other relevant procedures for the project were completed in late 2022 and the project reached its designed serviceable condition. Due to the impact of subcontracts settlement and quality guarantee on the project, the proceeds were not fully utilized by the end of June 2023.

SIGNIFICANT EVENTS

Pledge Release of Shares of the Company by Controlling Shareholder

SEGC completed the offering of 2020 Non-Public Issuance of Exchangeable Corporate Bonds (Phase I) (the "20 Electric EB") using the A shares of the Company held by SEGC and its yields as the exchange objects on 3 February 2020, and completed registration procedures for the share pledge of 1,120,000,000 A shares of the Company on 15 January 2020. SEGC completed the offering of 2021 Non-Public Issuance of Exchangeable Corporate Bonds (Phase I) 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.

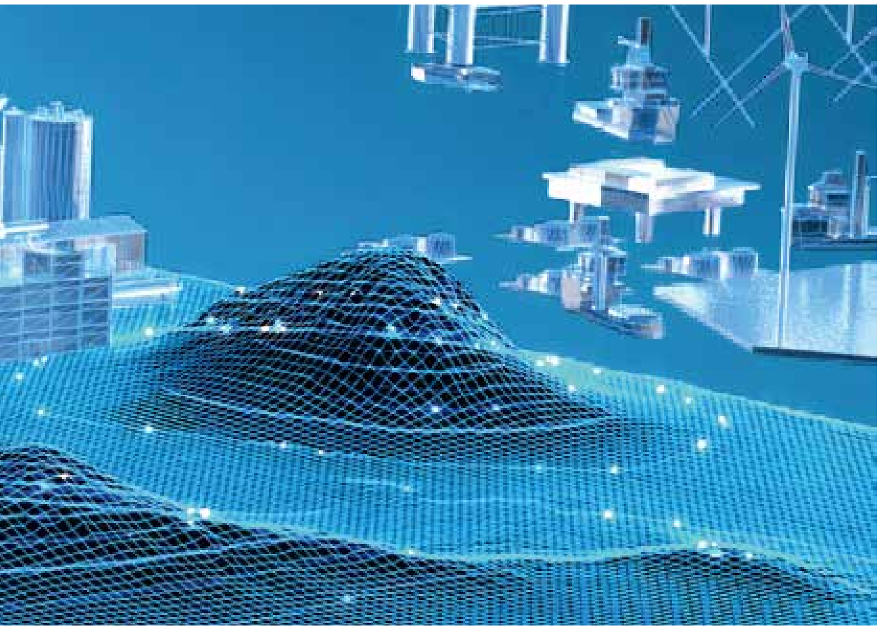
20 Electric EB was delisted on 3 February 2023 and had been exchanged for a total of 435,478,937 shares of the Company. SEGC completed the pledge release procedures for the 684,521,063 tradable shares of the Company in the "Shanghai Electric (Group) Corporation - Shanghai Electric (Group) Corporation 2020 Non-Public Offering of Exchangeable Corporate Bonds (Phase 1) Designated Shares Pledge Account" on 7 February 2023 at China Securities Depository and Clearing Corporation Limited. As of 30 June 2023, the number of the remaining pledged shares of SEGC was 284,545,455 shares.

Disposal of 100% Equity Interests in Xinji Company

On 14 March 2023, the Board considered and approved the relevant resolution, pursuant to which, the Company was granted approval to transfer the 100% equity interests it held in Shanghai Xinji Machine Tool Co., Ltd. ("Xinji Company") to SEGC, at a consideration of the appraisal value of the total shareholders' equity in Xinji Company of RMB686,915,804.11, which was subject to the final equity valuation result filed with state-owned assets authorities. As of the date of this report, the above equity transfer has been completed.

Acquisition of Partial Equity Interests in Subsidiaries

On 29 March 2023, the Board considered and approved the relevant resolution, pursuant to which, the Company proposed to enter into the Agreements on Equity Transfer with ICBC Financial Assets Investment Co., Ltd., BOCOM Financial Asset Investment Company Limited and BOC Financial Asset Investment Co., Ltd. to acquire the 48.18% equity interests in Shanghai Electric Industrial Investment



Co., Ltd., 39.42% equity interests in Shanghai Electric Group Shanghai Machinery Co., Ltd., 48.88% equity interests in Shanghai Institute of Mechanical & Electrical Engineering Co., Ltd. and 42.20% equity interests in Shanghai Electric Nuclear Power Equipment Corporation Ltd. The total equity transfer price was RMB10.004 billion. As of the date of this report, the above equity transfers have been completed.

Adjustment of Performance Commitment of Subsidiary

On 30 June 2023, the Board considered and approved the relevant resolution, pursuant to which, the Company was agreed to sign the "Supplementary Agreement to the Performance Commitment Agreement" with Mr. Wang Weidong and Ms. Xu Xiaoju, the former controlling shareholders of Shenzhen Yinghe Technology Co., Ltd ("Yinghe Technology"), and adjust the performance commitment of Yinghe Technology to realizing a net profit of RMB1,379 million during the four-year period from 2020 to 2023. The performance commitment adjustment has been approved by the 2023 first extraordinary general meeting of the Company held on 27 July 2023.

Litigations in Relation to SECT

Shanghai Electric Communication Technology Co., Ltd. ("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 (上海市楊浦區人民法院) on the cases of Fortune Industrial suing SECT. The court held that after review, the cases should be based on the outcomes of another case, which had not been concluded yet, and ruled that the cases were 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 (上海市楊浦區人民法院) 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 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 (上海市楊浦區人民法院). 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 another case, and as that 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*600MW 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 (the "Second Arbitration").

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 that Reliance has filed an application to the Singapore International Commercial Court seeking to have the award for the First Arbitration by SIAC set aside in its entirety. The application has been accepted by the Singapore International Commercial Court.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Utilization of the Remaining Proceeds from Projects Funded by Proceeds from the Non-Public Issuance of Shares for Permanent Replenishment of Working Capital

On 30 August 2023, the Board considered and approved the relevant resolution, pursuant to which, the Company was agreed to utilize the remaining proceeds from the projects funded by proceeds from the non-public issuance of shares totalling approximately RMB62 million (including interest income, the actual amount is subject to the balance of the special account on the date of transfer) for permanent replenishment of working capital to meet the daily production and operation needs of the Company.

EMPLOYEES

On 30 June 2023, the Group had approximately 41,196 employees (30 June 2022: approximately 39,704). The Company set up and optimized 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 2023	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 2023 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	Identity	Note	Number of shares	Nature of Interests	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 corporation	1	8,618,128,262	Long position	68.10	55.32
	H	Interest of controlled corporation	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
	H	Interest of controlled corporation	1,2	32,934,000	Long position	1.13	0.21
Shanghai State-owned Capital Investment Co., Ltd.	A	Beneficial owner	1	785,298,555	Long position	6.21	5.04
Shenergy (Group) Company Limited	A	Beneficial owner	1	390,727,794	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 2023 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 2023, 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")) 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 10 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 of the Company as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 of the Hong Kong Listing Rules. All Directors and Supervisors of the Company confirmed that they had complied with the requirements contained in the Model Code during the period from 1 January 2023 to 30 June 2023. The Company was not aware of any non-compliance with the Model Code by any of its employees.

CORPORATE GOVERNANCE

During the Reporting Period, the Board of the Company performed the following functions: to formulate and review the Company's policies and practices on corporate governance and make recommendations; to review and monitor the training

and continuous professional development of Directors and senior management; to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; to develop, review and monitor the 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 had complied with the requirements of the code provisions contained in Appendix 14 of the Hong Kong Listing Rules (the "Code"), except for the deviation from requirement of C.2.1 of the Code concerning the separation of the roles of the chairman and chief executive officer. Pursuant to code provision C.2.1, roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. During the Reporting Period, the chairperson of the Board and chief executive officer of the Company were assumed by one person, who was mainly responsible for the strategic decisions of the Company. The executive director and president of the Company were 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.

AUDIT COMMITTEE

During the Reporting Period, the Audit Committee has reviewed the accounting policies adopted by the Company with the management and the Company's external auditors, and conducted a review of matters including the connected transactions of the Company. They also discussed risk management, internal controls, the appointment of and remuneration for auditors and financial reports. The Audit Committee has reviewed and agreed to the unaudited interim consolidated financial information for the period under review.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

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

INTERIM DIVIDEND

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

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 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.

BOARD OF DIRECTORS AND SUPERVISORS

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

As at the date of this report, the Supervisors of the Company are Mr. Cai Xiaoqing, Mr. Han Quanzhi and Mr. Yuan Shengzhou.

By order of the Board
Leng Weiqing
Chairlady and CEO
Shanghai, the PRC
30 August 2023

UNAUDITED INTERIM CONSOLIDATED BALANCE SHEET

	Notes	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
Current assets			
Cash at bank and on hand		**29,035,347**	26,344,500
Clearing settlement funds		**21,274**	24,317
Placements with banks and other financial institutions		**14,854,103**	24,613,553
Held-for-trading financial assets		**7,669,237**	7,657,438
Derivative financial assets		**34,203**	55,890
Notes receivable	14	**4,948,629**	6,257,285
Accounts receivable		**41,235,117**	38,279,969
Receivables financing		**1,339,233**	2,105,589
Prepayments		**10,533,996**	10,276,967
Other receivables		**5,935,941**	6,156,517
Financial assets purchased under resale agreements		**2,578,058**	1,131,206
Inventories		**34,023,456**	30,871,914
Contract assets		**21,873,768**	21,801,813
Non-current assets due within one year		**1,929,296**	2,857,670
Other current assets		**23,089,514**	22,719,005
Total current assets		**199,101,172**	201,153,633
Non-current assets			
Loans and advances		**2,975,155**	1,590,952
Debt investments		**152,674**	152,863
Long-term receivables		**3,059,512**	3,328,725
Long-term equity investments		**11,277,477**	11,183,753
Other non-current financial assets		**7,962,319**	7,268,463
Investment properties	13	**625,928**	660,172
Fixed assets		**20,036,317**	20,282,308
Construction in progress		**4,260,792**	3,427,951
Right-of-use assets		**1,477,581**	1,402,169
Intangible assets		**12,431,347**	12,582,986
Research and development expenditures		**43,914**	35,818
Goodwill		**3,347,622**	3,288,723
Long-term prepaid expenses		**539,020**	555,484
Deferred tax assets		**8,317,531**	7,733,152
Other non-current assets		**13,941,838**	13,373,700
Total non-current assets		**90,449,027**	86,867,219
Total assets		**289,550,199**	288,020,852

UNAUDITED INTERIM CONSOLIDATED BALANCE SHEET (CONT'D)

	Notes	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
Current liabilities			
Short-term borrowings	16	**9,672,157**	8,660,895
Held-for-trading financial liabilities		**14,774**	32,017
Derivative financial liabilities		**19,900**	10,450
Notes payable		**16,120,350**	16,069,558
Accounts payable	15	**59,471,514**	57,396,886
Advances from customers		**754,204**	786,313
Contract liabilities		**42,110,255**	38,742,797
Deposits from customers, banks and other financial institutions		**3,967,600**	6,076,565
Employee benefits payable		**4,162,174**	4,958,030
Taxes payable		**1,962,833**	2,030,487
Other payables		**8,065 ,521**	7,859,473
Non-current liabilities maturing within one year		**11,707,989**	9,120,361
Other current liabilities		**11,505,326**	11,781,611
Total current liabilities		**169,534,597**	163,525,443
Non-current liabilities			
Long-term borrowings	17	**26,633,072**	21,647,690
Bonds payable	18	**748,993**	748,697
Lease liabilities		**1,042,534**	1,077,425
Long-term payables		**454,696**	562,855
Deferred income		**1,424,471**	1,491,212
Long-term employee benefits payable	19	**175,023**	175,854
Provisions		**3,640,204**	3,592,976
Deferred tax liabilities		**813,348**	836,321
Other non-current liabilities		**126,183**	168,212
Total non-current liabilities		**35,058,524**	30,301,242
Total liabilities		**204,593,121**	193,826,685
Owners' equity			
Share capital	20	**15,579,809**	15,579,809
Capital surplus		**19,319,532**	21,837,822
Other comprehensive income		**117,094**	(24,891)
Special reserve		**145,253**	143,786
Surplus reserve		**5,906,524**	5,906,524
Retained earnings		**12,009,508**	11,419,263
Total equity attributable to shareholders of the parent company		**53,077,720**	54,862,313
Minority shareholders		**31,879,358**	39,331,854
Total owners' equity		**84,957,078**	94,194,167
Total liabilities and owners' equity		**289,550,199**	288,020,852

UNAUDITED INTERIM CONSOLIDATED INCOME STATEMENTS

	Notes	Unaudited Six months ended 30 June 2023 RMB'000	2022 RMB'000
Total revenue		**53,077,946**	50,292,790
Including: Operating revenue	8	**52,859,907**	50,010,830
Interest income	8	**216,299**	281,883
Income from handling charges and commissions	8	**1,740**	77
Total cost of sales		**(51,631,988)**	(49,602,344)
Including: Operating cost	8	**(43,570,175)**	(41,723,987)
Interest expenses	8	**(1,210)**	(29,963)
Handling charges and commissions expenses	8	**(404)**	(443)
Taxes and surcharges	9	**(317,148)**	(238,786)
Selling and distribution expenses		**(1,744,978)**	(1,574,347)
General and administrative expenses		**(3,380,478)**	(3,447,486)
Research and development expenditures		**(2,327,078)**	(1,905,529)
Financial expenses - net		**(290,517)**	(681,803)
Including: Interest expenses		**(750,217)**	(853,592)
Interest income		**334,891**	239,461
Add: Other income		**441,291**	470,011
Investment income		**1,159,942**	435,495
Including: Share of profit of associates and joint ventures		**503,197**	391,337
Exchange gain		**10,223**	9,829
(Losses)/Gains on changes in fair value		**355,644**	(160,396)
Losses from credit impairment		**(948,647)**	(1,112,059)
Losses from asset impairment		**(629,260)**	(344,192)
Gains on disposals of assets		**22,401**	74,904
Operating profit/(loss)		**1,857,552**	64,038
Add: Non-operating income		**53,969**	55,153
Less: Non-operating expenses		**(89,248)**	(23,158)
Total profit/(loss)		**1,822,273**	96,033
Less: Income tax expenses	10	**(335,934)**	(213,584)
Net profit/(loss)		**1,486,339**	(117,551)
Attributable to equity owners of the Company		**590,363**	(991,340)
Minority interests		**895,976**	873,789

UNAUDITED INTERIM CONSOLIDATED INCOME STATEMENTS (CONT'D)

	Notes	Unaudited Six months ended 30 June 2023 RMB'000	2022 RMB'000
Other comprehensive income, net of tax		**159,010**	117,389
Attributable to shareholders of the parent company		**141,985**	116,750
Other comprehensive income that will not be subsequently reclassified to profit or loss		**-**	-
Changes arising from remeasurement of net liability or net asset of defined benefit plan		**-**	-
Other comprehensive income that will be subsequently reclassified to profit or loss		**141,985**	116,750
Changes in fair value of other debt investments		**100,213**	29,729
Provision for credit impairment of receivables financing		**(11,029)**	(621)
Cash flow hedges, net of tax		**(1,741)**	-
Exchange differences on translation of foreign operations		**54,542**	87,642
Attributable to minority shareholders		**17,025**	639
Total comprehensive income		**1,645,349**	(162)
Attributable to equity owners of the parent company		**732,348**	(874,590)
Attributable to minority shareholders		**913,001**	874,428
Earnings per share			
Basic earnings per share (RMB Yuan)	11	**0.04**	(0.06)
Diluted earnings per share (RMB Yuan)	11	**0.04**	(0.06)

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

		Unaudited									
		Attributable to shareholders of the parent company									
Item	Notes	Share capital RMB'000	Capital surplus RMB'000	Treasury stocks RMB'000	Other comprehensive income RMB'000	Special reserve RMB'000	Surplus reserve RMB'000	Retained earnings RMB'000	Sub-total RMB'000	Minority interests RMB'000	Total shareholders' equity RMB'000
Balance at 31 December 2021		15,705,971	22,045,560	(382,271)	(509,829)	149,948	5,906,524	15,218,425	58,134,328	40,010,025	98,144,353
Movements for the six months ended 30 June 2022											
Total comprehensive income											
Net loss		-	-	-	-	-	-	(991,340)	(991,340)	873,789	(117,551)
Other comprehensive income		-	-	-	116,750	-	-	-	116,750	639	117,389
Total comprehensive income for the period		-	-	-	116,750	-	-	(991,340)	(874,590)	874,428	(162)
Capital contribution and withdrawal by shareholders											
Increase in capital from minority shareholders		-	28,510	-	-	-	-	-	28,510	5,268	33,778
Disposals of subsidiaries		-	-	-	-	-	-	-	-	(25,444)	(25,444)
Repurchase and cancellation of shares under equity incentive plan		(126,162)	(256,109)	382,271	-	-	-	-	-	-	-
Amount recorded in owners' equity arising from share-based payment arrangements		-	32,276	-	-	-	-	-	32,276	-	32,276
Profit distribution											
Distribution to minority shareholders of subsidiaries		-	-	-	-	-	-	-	-	(1,024,900)	(1,024,900)
Special reserve											
Appropriation in the current period		-	-	-	-	60,256	-	-	60,256	38,985	99,241
Use in the current period		-	-	-	-	(45,967)	-	-	(45,967)	(32,593)	(78,560)
Balance at 30 June 2022		15,579,809	21,850,237	-	(393,079)	164,237	5,906,524	14,227,085	57,334,813	39,845,769	97,180,582

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

		Unaudited								
		Attributable to shareholders of the parent company								
Item	Notes	Share capital RMB'000	Capital surplus RMB'000	Other comprehensive income RMB'000	Special reserve RMB'000	Surplus reserve RMB'000	Retained earnings RMB'000	Sub-total RMB'000	Minority interests RMB'000	Total shareholders' equity 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 profit		-	-	-	-	-	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 CASH FLOWS

	Unaudited For the six months ended 30 June 2023 RMB'000	2022 RMB'000
Cash flows used in operating activities		
Cash received from sales of goods or rendering of services	**57,395,789**	48,397,299
Refund of taxes and surcharges	**506,531**	888,355
Cash received relating to other operating activities	**2,043,262**	5,711,214
Sub-total of cash inflows	**59,945,582**	54,996,868
Cash paid for goods and services	**(45,456,605)**	(46,916,146)
Cash paid to and on behalf of employees	**(7,179,265)**	(6,882,501)
Payments of taxes and surcharges	**(2,660,495)**	(2,439,142)
Cash paid relating to other operating activities	**(8,978,804)**	(5,382,003)
Sub-total of cash outflows	**(64,275,169)**	(61,619,792)
Net cash flows used in operating activities	**(4,329,587)**	(6,622,924)
Cash flows from investing activities		
Cash received from disposal of investments	**5,917,473**	4,650,123
Cash received from returns on investments	**534,741**	330,125
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	**199,310**	206,801
Net cash received from disposal of subsidiaries and other business units	**666,000**	10,743
Cash received relating to other investing activities	**-**	169,282
Sub-total of cash inflows	**7,317,524**	5,367,074
Cash paid to acquire fixed assets, intangible assets and other long-term assets	**(1,841,383)**	(1,432,261)
Cash paid to acquire investments	**(5,054,654)**	(2,468,581)
Net cash repayments from acquisition of subsidiaries and other business units	**-**	-
Cash paid relating to other investing activities	**(1,087,910)**	(390,665)
Sub-total of cash outflows	**(7,983,947)**	(4,291,507)
Net cash flows from investing activities	**(666,423)**	1,075,567
Cash flows (used in)/ from financing activities		
Cash received from capital contributions	**121,031**	33,778
Including: Cash received by subsidiaries from capital contributions by minority shareholders	**121,031**	33,778
Cash received from borrowings	**12,431,333**	9,723,250
Cash received from debentures	**-**	750,000
Cash received relating to other financing activities	**2,513**	353,214
Sub-total of cash inflows	**12,554,877**	10,860,242
Cash repayments of borrowings	**(3,989,074)**	(9,365,870)
Cash payments for distribution of dividends, profits or interest expenses	**(1,329,373)**	(1,585,947)
Including: Cash payments for dividends or profits to minority shareholders by subsidiaries	**(685,418)**	(547,336)
Cash paid relating to other financing activities	**(10,419,942)**	(1,437,932)
Sub-total of cash outflows	**(15,738,389)**	(12,389,749)
Net cash flows (used in)/from financing activities	**(3,183,512)**	(1,529,507)
Effect of foreign exchange rate changes on cash and cash equivalents	**138,857**	112,315
Net decrease in cash and cash equivalents	**(8,040,665)**	(6,964,549)
Add: Cash and cash equivalents at the beginning of the period	**43,785,108**	43,581,329
Cash and cash equivalents at the end of the period	**35,744,443**	36,616,780

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2023

1. COMPANY INFORMATION

Shanghai Electric Group Company Limited (the "Company") is a joint stock limited liability company established in the People's Republic of China (the "PRC") on 1 March 2004. The registered office of the Company is located on 30th floor, No. 8 Xing Yi Road, Shanghai, the PRC.

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

(a) the energy equipment segment: design, manufacture and 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 integration 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.; providing industrial internet services; providing financial services, covering financing leases, factoring, asset management, insurance brokerage and 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

The financial statements of the Company for the six months ended 30 June 2023 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 2023 and their financial performance, cash flows and other information for the six months ended 30 June 2023.

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 Xiaoju, the fifth largest shareholder of Yinghe Technology, relinquished their voting rights of a total of 19.01% of Yinghe Technology's shares. 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.

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. 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 economic scenarios into consideration. For the six months ended 30 June 2023, the weights of the "benchmark", "unfavourable" and "favourable" economic scenarios accounted for 60%, 30% and 10% (for the six months ended 30 June 2022: 60%, 30% and 10%) respectively. The Group regularly monitors and reviews important macroeconomic assumptions and parameters for calculating ECL, 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 2023, the Group considered the uncertainties under different macroeconomic scenarios and updated the relevant assumptions and parameters. The key macroeconomic parameters used in each scenario are listed below:

4. ESTIMATES (CONT'D)

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

Measurement of ECL (Cont'd)

	various 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%

For the six months ended 30 June 2022, the key macroeconomic parameters applied in various scenarios were mainly as follow:

	various scenarios		
	benchmark	**unfavourable**	**favourable**
gross domestic product	4.95%	3.00%	5.90%
production price index	3.02%	0.50%	4.00%
industrial added value	4.93%	3.50%	6.00%
broad money supply	8.43%	7.40%	9.20%
completed investments in fixed assets	5.67%	4.50%	7.80%

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 include 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 revenue and 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 measures 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.

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.

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

If management revises the gross profit margin forecast period growth rate and stable period growth rate used in the calculation of future cash flows of an asset group or combination of asset groups, and the revised gross profit margin, forecast period growth rate and stable period growth rate are lower than / Higher than the currently adopted gross profit margin, forecast period growth rate, and stable period growth rate, the Group needs to make provision for impairment of goodwill increase/decrease.

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 2022.

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.

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 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	5,764,168	-	-	5,764,168
Investments in equity instrument held for trading	142,536	-	-	142,536
Investments in debenture held for trading	1,162,512	-	-	1,162,512
Wealth management products	-	248,680	-	248,680
Non-hedging derivative financial assets	-	351,341	-	351,341
Derivative financial assets -				
Forward exchange contracts	-	34,203	-	34,203
Receivables Financing -				
Notes receivable at fair value through other comprehensive income	-	-	1,273,976	1,273,976
Accounts receivable at fair value through other comprehensive income	-	-	65,257	65,257
Other current assets-				
Interbank deposits	-	13,006,287	-	13,006,287
Other non-current financial assets	1,052,556	-	6,909,763	7,962,319
Total assets	8,121,772	13,640,511	8,248,996	30,011,279

As at 30 June 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	-	19,900	-	19,900
Financial liabilities held for trading	-	14,774	-	14,774
	-	34,674	-	34,674

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 2022, 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	5,921,775	-	-	5,921,775
Investments in equity instrument held for trading	152,688	-	-	152,688
Investments in debenture held for trading	1,011,394	-	-	1,011,394
Wealth management products	-	231,175	-	231,175
Non-hedging derivative financial assets	-	340,406	-	340,406
Derivative financial assets -				
Forward exchange contracts	-	55,890	-	55,890
Receivables Financing -				
Notes receivable at fair value through other comprehensive income	-	-	2,056,202	2,056,202
Accounts receivable at fair value through other comprehensive income	-	-	49,387	49,387
Other current assets-				
Interbank deposits	-	15,486,059	-	15,486,059
Other non-current financial assets	781,091	-	6,487,372	7,268,463
Total assets	7,866,948	16,113,530	8,592,961	32,573,439

As at 31 December 2022, 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	-	10,450	-	10,450
Financial liabilities held for trading	-	32,017	-	32,017
	-	42,467	-	42,467

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 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 integration 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.; providing industrial internet services; providing financial services, covering financing leases, factoring, asset management, insurance brokerage and etc.; providing park and property management services mainly based on industrial real estate, 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 in formation 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:							
Including: 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)	-
	25,676,706	19,608,912	10,264,577	43,890	13,048	(2,529,187)	53,077,946
Cost of sales	20,705,286	16,310,989	8,969,150	26,817	178	(2,440,631)	43,571,789
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	639,127	401,825	384,960	10,716	154,275	3	1,590,906
Finance costs – net	-	-	-	-	280,294	-	280,294
Share of profits and losses of joint ventures and associates	-	-	-	-	503,197	-	503,197
Operating profit/(loss)	518,323	779,320	581,018	(72,947)	298,935	(247,097)	1,857,552
Other gains and losses							(35,279)
Profit before tax							1,822,273
Assets and liabilities							
Total assets	134,232,890	65,332,368	131,482,624	821,518	18,856,101	(61,175,302)	289,550,199
Total liabilities	53,631,835	27,944,922	107,580,815	303,210	54,494,636	(39,362,297)	204,593,121
Non-cash expenses other than depreciation and amortisation	347,762	82,367	118,796	-	-	-	548,925
Increase in non-current assets	976,443	739,586	906,648	17,117	1,843	20,000	2,661,637

6. SEGMENT INFORMATION (CONT'D)

(b) Segment in formation as at and for the six months ended 30 June 2022 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:							
Including: Revenue from external customers	22,989,900	16,243,738	11,051,150	8,002	-	-	50,292,790
Inter-segment revenue	1,269,625	515,732	570,106	47,776	47,916	(2,451,155)	-
	24,259,525	16,759,470	11,621,256	55,778	47,916	(2,451,155)	50,292,790
Cost of sales	20,096,730	14,039,161	10,019,181	37,181	10	(2,437,870)	41,754,393
Losses from credit impairment	414,282	82,252	774,623	(232)	85,513	(244,379)	1,112,059
Losses from asset impairment	340,330	(7,465)	13,319	-	(1,339)	(653)	344,192
Depreciation and amortization	(679,663)	(413,832)	(295,931)	(14,967)	(117,177)	-	(1,521,570)
Finance costs – net	-	-	-	-	681,803	-	681,803
Share of profits and losses of joint ventures and associates	-	-	-	-	385,212	-	385,212
Operating profit/(loss)	316,783	562,520	493,042	(59,007)	(1,103,654)	(145,646)	64,038
Other gains and losses							31,995
Profit before tax							96,033
Assets and liabilities							
Total assets	118,559,861	64,374,354	143,870,016	736,146	63,464,486	(94,016,179)	296,988,684
Total liabilities	78,035,768	45,348,366	100,979,381	412,139	67,029,693	(91,997,245)	199,808,102
Non-cash expenses other than depreciation and amortisation	294,956	160,578	560,801	104,920	32,276	-	1,153,531
Increase in non-current assets	771,144	301,662	396,655	12,352	31,562	-	1,513,375

6. SEGMENT INFORMATION (CONT'D)

(c) Revenue from external customers

	For the six months ended 30 June 2023 RMB'000 (Unaudited)	For the six months ended 30 June 2022 RMB'000 (Unaudited)
Mainland China	45,195,579	41,785,691
Other countries and geographical areas	7,882,367	8,507,099
	53,077,946	50,292,790

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

(d) Total non-current assets

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Mainland China	58,430,944	59,728,501
Other countries and geographical areas	9,550,891	7,064,563
	67,981,835	66,793,064

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

7. CHANGES OF CONSOLIDATION SCOPE

(1) For the six months ended 30 June 2023, 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 RMB yuan
				Direct	Indirect	
Shanghai Electric Wind Power Group (Jiaozhou) Equipment Manufacturing Co., Ltd.	Shandong	Shandong	Manufacturing industry	-	100.00	3,000,000
Shanghai Electric Wind Power Group (Yingkou) New Energy Co., Ltd.	Liaoning	Liaoning	Technical service industry	-	100.00	6,000,000
Shanghai Zhidai New Energy Co., Ltd.	Shanghai	Shanghai	Technical service industry	-	100.00	5,000,000
Shanghai Electric Wind Power Group (Yantai Muping) New Energy Co., Ltd.	Shandong	Shandong	Production and supply of electric power and heat industry	-	100.00	5,000,000
Shanghai Jinghuaiwan Real Estate Co., Ltd. (note)	Shanghai	Shanghai	Real estate industry	-	50.00	20,000,000
Shanghai Hengxi Photovoltaic Technology Co., Ltd.	Shanghai	Shanghai	Technology promotion and application service industry	-	100.00	425,000,000
Shanghai Electric Group Hengxi Photovoltaic Technology (Nantong) Co., Ltd.	Jiangsu	Jiangsu	Building installation industry	-	100.00	424,500,000
Shanghai Huizhi Juyang New Energy Co., Ltd.	Shanghai	Shanghai	Supply of electric power industry	-	100.00	6,150,000
Wuhu Lingyu New Energy Co., Ltd.	Anhui	Anhui	Production and supply of electric power and heat industry	-	100.00	1,450,000
Wuxi Chengxu New Energy Co., Ltd.	Jiangsu	Jiangsu	Production and supply of electric power and heat industry	-	100.00	4,700,000
Shanghai Electric (Zhangye) New Energy Development Co., Ltd.	Gansu	Gansu	Production and supply of electric power and heat industry	-	100.00	325,000,000
Shanghai Electric (Gaotai) New Energy Development Co., Ltd.	Gansu	Gansu	Production and supply of electric power and heat industry	-	100.00	325,000,000

Note : According to the articles of association of Shanghai Jinghuaiwan 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

(a) For the six months ended 30 June 2023, 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
Shanghai Electric Lianchuang International Co., Ltd.	20,532	51%	Equity transfer	8 February 2023	Completion of equity delivery	1,947	-
Shanghai Xinji Machine Tool Co., Ltd.	686,916	100%	Equity transfer	1 April 2023	Completion of equity delivery	255,356	-

7. CHANGES OF CONSOLIDATION SCOPE (CONT'D)

(2) Disposal of subsidiary (Cont'd)

(b) The information of gains or losses on disposal is as follows:

(i) Shanghai Electric Lianchuang International Co., Ltd.

Gains or losses on disposal is calculated as follows:

	Amount RMB'000
Fair value of residual equity	20,532
Less: Share of net assets of Shanghai Electric Lianchuang International Co., Ltd. at the level of consolidated financial statements	(18,585)
Gain on disposal recognised in the income statement	1,947

(ii) Shanghai Xinji Machine Tool Co., Ltd.

Gains or losses on disposal is calculated as follows:

	Amount RMB'000
Fair value of residual equity	686,916
Less: Share of net assets of Shanghai Xinji Machine Tool Co., Ltd. at the level of consolidated financial statements	(431,560)
Gain on disposal recognised in the income statement	255,356

8. REVENUE AND COST OF SALES

	For the six months ended 30 June 2023 (Unaudited) RMB'000	For the six months ended 30 June 2022 (Unaudited) RMB'000
Revenue from main operations	**50,414,230**	48,729,792
Revenue from other operations	**2,445,677**	1,281,038
Interest income	**216,299**	281,883
Income from handling charges and commissions	**1,740**	77
	53,077,946	50,292,790

	For the six months ended 30 June 2023 (Unaudited) RMB'000	For the six months ended 30 June 2022 (Unaudited) RMB'000
Cost of sales from main operations	**42,358,202**	41,071,867
Cost of sales from other operations	**1,211,973**	652,120
Interest expenses	**1,210**	29,963
Handling charges and commissions	**404**	443
	43,571,789	41,754,393

Revenue from main operations includes sales revenue from energy equipment, industrial equipment and integration 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 2023 (Unaudited) RMB'000	For the six months ended 30 June 2022 (Unaudited) RMB'000
Sales of goods	**38,980,719**	36,416,213
Engineering construction	**5,249,029**	7,888,041
Rendering of services	**6,184,482**	4,425,538
	50,414,230	48,729,792

8. REVENUE AND COST OF SALES (CONT'D)

Details of revenue from other operations are as follows:

	For the six months ended 30 June 2023 (Unaudited) RMB'000	For the six months ended 30 June 2022 (Unaudited) RMB'000
Sales of raw materials	**1,838,463**	656,352
Leasing income	**278,781**	257,233
Finance lease income	**36,860**	89,815
Rendering of non-industrial services	**15,817**	18,183
Sales of energy	**13,707**	11,151
Others	**262,049**	248,304
	2,445,677	1,281,038

8. REVENUE AND COST OF SALES (CONT'D)

For the six months ended 30 June 2023

	Sales of Goods			Construction Services			Rendering of services	Others	Total
	China (Unaudited) RMB'000	In other Asian countries/ geographical areas (Unaudited) RMB'000	Other regions (Unaudited) RMB'000	China (Unaudited) RMB'000	In other Asian countries/ geographical areas (Unaudited) RMB'000	Other regions (Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000
Revenue from main operations	35,459,732	731,084	2,789,903	2,346,339	2,229,637	673,053	6,184,482	-	50,414,230
Including: Recognised at a point in time	35,459,732	731,084	2,789,903	-	-	-	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
	35,839,505	734,394	4,245,283	2,346,339	2,229,637	673,053	6,200,299	591,397	52,859,907

For the six months ended 30 June 2022

	Sales of Goods			Construction Services			Rendering of services	Others	Total
	China (Unaudited) RMB'000	In other Asian countries/ geographical areas (Unaudited) RMB'000	Other regions (Unaudited) RMB'000	China (Unaudited) RMB'000	In other Asian countries/ geographical areas (Unaudited) RMB'000	Other regions (Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000
Revenue from main operations	32,436,602	464,065	3,515,546	3,385,601	4,325,061	177,379	4,425,538	-	48,729,792
Including: Recognised at a point in time	32,436,602	464,065	3,515,546	-	-	-	59,699	-	36,475,912
Recognised over a period of time	-	-	-	3,385,601	4,325,061	177,379	4,365,839	-	12,253,880
Revenue from other operations	504,906	3,625	147,821	-	-	-	18,183	606,503	1,281,038
	32,941,508	467,690	3,663,367	3,385,601	4,325,061	177,379	4,443,721	606,503	50,010,830

9. TAXES AND SURCHARGES

	For the six months ended 30 June 2023 (Unaudited) RMB'000	For the six months ended 30 June 2022 (Unaudited) RMB'000
City maintenance and construction tax	**82,778**	59,101
Educational surcharge	**59,936**	34,485
Property tax	**69,905**	50,991
Stamp tax	**46,607**	66,488
Others	**57,922**	27,721
	317,148	238,786

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 year.

Name of the first-tier subsidiaries	Applicable period for high-tech enterprises preferential tax rate of 15%	
	Starting year	Ending year
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 Ltd., Co.	**2022**	2024
Shanghai Electric Guoxuan New Energy Technology Co., Ltd.	**2022**	2024
Shanghai Turbine Works Co., Ltd.	**2022**	2024
Zhangjiagang Twentsche Cable Co., Ltd.	**2021**	2023
Shanghai Electric Nuclear Power Equipment Co., Ltd.	**2021**	2023
Shanghai Electric SHMP Casting & Forging Co., Ltd.	**2021**	2023
Shanghai Electric - SPX Engineering & Technologies Co., Ltd.	**2021**	2023
Shanghai Denso Fuel Injection Co., Ltd.	**2021**	2023
Shanghai Electric Fuji Electric Power Technology Co., Ltd.	**2021**	2023
Shanghai Electric SHMP Pulverizing & Special Equipment Co., Ltd.	**2021**	2023
Shanghai KSB Pump Co., Ltd.	**2021**	2023
Shenzhen Yinghe Technology Co., Ltd.	**2021**	2023
Shanghai Power Station Auxiliary Machinery Factory Co., Ltd.	**2021**	2023

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%
Shanghai Electric Hong Kong International Engineering Co., Ltd.	16.50%

10. TAXATION (CONT'D)

	For the six months ended 30 June 2023 (Unaudited) RMB'000	For the six months ended 30 June 2022 (Unaudited) RMB'000
Current tax charger for the period	**449,696**	370,977
Annual filing differences for the current period	**(30,324)**	(33,784)
Deferred income tax	**(83,438)**	(123,609)
	335,934	213,584

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

	For the six months ended 30 June 2023 (Unaudited) RMB'000	For the six months ended 30 June 2022 (Unaudited) RMB'000
Total profit /(loss)	**1,822,273**	96,033
Tax at the statutory tax rate (Note 1)	**455,568**	24,008
Lower tax rates for specific districts or concessions	**(102,002)**	(66,794)
Adjustments for current income tax of prior periods	**(30,324)**	(33,784)
Profits and loss attributable to joint ventures and associates	**(120,224)**	(97,834)
Income not subject to tax	**(42,523)**	(34,098)
Expenses not deductible for tax	**46,609**	39,383
Tax incentives on eligible expenditures	**(215,209)**	(70,410)
Utilization of previously unrecognised tax loss and deductible temporary differences	**(37,741)**	(11,444)
Tax loss and deductible temporary differences for which no deferred tax assets was recognised	**381,780**	464,557
Income tax expenses	**335,934**	213,584

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 2023 (Unaudited) RMB'000	For the six months ended 30 June 2022 (Unaudited) RMB'000
Consolidated net profit/(loss) attributable to ordinary shareholders of the parent company	**590,363**	(991,340)
Weighted average number of ordinary shares outstanding (i) (Unit: 1,000 shares)	**15,579,809**	15,632,377
Basic earnings per share	**RMB 0.04 yuan**	RMB(0.06) yuan
Including:		
- Basic earnings per share from continuing operations (i):	**RMB 0.04 yuan**	RMB(0.06) yuan
- Basic earnings per share from discontinued operations:	**-**	-

(i) The Company implemented an equity incentive plan. In the calculation of basic earnings per share, the numerator is the consolidated net profit attributable to ordinary shareholders of the Company less the revocable cash dividends distributed in the current period attributable to shares that are expected to be unlocked in the future; the denominator does not include the number of restricted shares.

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 2023, the Company had no dilutive potential ordinary shares. Therefore, diluted earnings per share equal to basic earnings per share.

12. DIVIDENDS

For the six-month period ended 30 June 2023, 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					
At 31 December 2022	17,278,549	20,223,547	501,105	2,303,596	40,306,797
Increase in the current year					
Purchase	103,338	313,430	6,496	47,058	470,322
Transfer from construction in progress	82,897	205,653	4,530	47,042	340,122
Business combinations involving enterprises not under common control	110,815	71,618	296	414	183,143
Transfer from investment properties	16,325	-	-	-	16,325
Decrease in the current year					
Disposal and retirement	(77,816)	(411,634)	(43,001)	(96,311)	(628,762)
Decrease due to disposal of subsidiaries	(254,347)	(147,516)	(1,402)	(10,910)	(414,175)
Differences on translation of foreign currency financial statements	46,380	91,482	744	25,750	164,356
At 30 June 2023	17,306,141	20,346,580	468,768	2,316,639	40,438,128
Accumulated depreciation					
At 31 December 2022	5,194,348	12,452,384	391,831	1,389,872	19,428,435
Increase in the current year					
Provision	282,831	591,536	15,561	110,398	1,000,326
Transfer from investment properties	1,870	-	-	-	1,870
Decrease in the current year					
Disposal and retirement	(7,826)	(355,231)	(30,397)	(59,904)	(453,358)
Decrease due to disposal of subsidiaries	(155,850)	(117,752)	(1,120)	(9,424)	(284,146)
Differences on translation of foreign currency financial statements	19,877	64,893	585	22,030	107,385
At 30 June 2023	5,335,250	12,635,830	376,460	1,452,972	19,800,512
Provision for impairment					
At 31 December 2022	459,196	132,486	649	3,723	596,054
Increase in the current year					
Provision	-	11,860	-	-	11,860
Decrease in the current year					
Disposal and retirement	-	(2,449)	(106)	-	(2,555)
Decrease due to disposal of subsidiaries	-	(3,597)	-	(463)	(4,060)
At 30 June 2023	459,196	138,300	543	3,260	601,299
Net carrying amount					
At 30 June 2023	11,511,695	7,572,450	91,765	860,407	20,036,317
At 31 December 2022	11,625,005	7,638,677	108,625	910,001	20,282,308

13. FIXED ASSETS (CONT'D)

(a) As at 30 June 2023, the Group pledged intangible assets with a carrying amount of RMB 11,214 thousand (31 December 2022: RMB 11,368 thousand) and fixed assets with a carrying amount of RMB 14,103 thousand (31 December 2022: RMB 126,141 thousand) to obtain short-term borrowings of RMB 144,400 thousand (31 December 2022: RMB 159,400 thousand). As at 30 June 2023, the Group pledged fixed assets with a carrying amount of RMB 661,254 thousand (31 December 2022: RMB 511,361 thousand) and intangible assets with a carrying amount of RMB 1,473,966 thousand (31 December 2022: RMB 1,325,872 thousand) to obtain long-term borrowings of RMB 2,306,403 thousand.

(b) For the six months ended 30 June 2023, depreciation charged to fixed assets amounted to RMB 1,000,326 thousand (for the six months ended 30 June 2022: RMB 1,014,662 thousand), including RMB 729,701 thousand, RMB 3,830 thousand, RMB 206,604 thousand and RMB 60,191 thousand (for the six months ended 30 June 2022: RMB 756,640 thousand, RMB 4,997 thousand, RMB 198,951 thousand and RMB 54,074 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 2023, the costs of fixed assets transferred from construction in progress amounted to RMB 340,122 thousand (for the six months ended 30 June 2022: RMB 1,205,115 thousand).

(d) As at 30 June 2023, the Group's buildings with a net book value of RMB 1,412,481 thousand (31 December 2022: a net book value of RMB 1,381,490 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.

14. ACCOUNTS RECEIVABLES

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Accounts receivable	**59,162,705**	55,475,944
Less: Provision for bad debts	**(17,927,588)**	(17,195,975)
	41,235,117	38,279,969

The aging of accounts receivable was analysed as follows:

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

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Not overdue	**20,658,276**	21,607,854
Overdue within 1 year	**13,113,433**	9,289,613
Overdue 1 to 2 years	**7,185,780**	9,966,854
Overdue 2 to 3 years	**7,002,875**	5,893,128
Overdue 3 to 4 years	**5,684,841**	4,856,653
Overdue 4 to 5 years	**2,221,815**	631,620
Overdue over 5 years	**3,295,685**	3,230,222
	59,162,705	55,475,944

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

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Within 1 year	**27,975,610**	25,630,900
1 to 2 years	**8,856,715**	12,523,380
2 to 3 years	**8,911,817**	7,434,301
3 to 4 years	**6,330,886**	5,382,166
4 to 5 years	**3,330,479**	981,285
over 5 years	**3,757,198**	3,523,912
	59,162,705	55,475,944

15. ACCOUNTS PAYABLE

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Accounts payable	**59,471,514**	57,396,886

The aging of accounts payable was analysed as follows:

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Within 1 year	**50,318,514**	47,301,782
Over 1 year	**9,153,000**	10,095,104
	59,471,514	57,396,886

As at 30 June 2023, accounts payable with ageing over one year amounted to RMB 9,153,000 thousand (31 December 2022: RMB 10,095,104 thousand), which mainly comprised payables for construction projects and payables for materials. Such accounts are unsettled for the projects are still under construction.

16. SHORT-TERM BORROWINGS

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Credit borrowings	**9,216,774**	8,057,412
Mortgage borrowings(a)	**144,400**	159,400
Pledge borrowings(b)	**205,290**	170,455
Guaranteed borrowings(c)	**21,000**	52,000
Discounted borrowing(d)	**84,693**	221,628
	9,672,157	8,660,895

(a) As at 30 June 2023, Intangible assets with a carrying amount of RMB 11,214 thousand (31 December 2022: RMB 11,368 thousand) and fixed assets with a carrying amount of RMB 14,103 thousand (31 December 2022: RMB 126,141 thousand) were pledged to secure short-term borrowings of RMB144,400 thousand(31 December 2022: RMB159,400 thousand).

(b) As at 30 June 2023, Long-term accounts receivable with a carrying amount of RMB 336,953 thousand (31 December 2022: RMB 485,344 thousand) were pledged as collateral for short-term pledge borrowings amounting to RMB 205,290 thousand (31 December 2022: RMB 170,455 thousand).

(c) As at 30 June 2023, the company and its subsidiaries guaranteed the short-term borrowings amounting to RMB 21,000 thousand (31 December 2022: RMB 52,000 thousand) of several subsidiaries.

(d) As at 30 June 2023, the Group discounted RMB65,150 thousand (31 December 2022: RMB73,820 thousand) of commercial promissory notes and RMB19,543 thousand (31 December 2022: RMB147,808 thousand) of banker's acceptances to obtain short-term bank borrowings.

As at 30 June 2023, the annual interest rate of short-term borrowings was 1.47% to 5.75% (31 December 2022: 0.79% to 5.64%).

17. LONG-TERM BORROWINGS

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Credit borrowings	**24,671,598**	16,905,114
Pledge borrowings(a)	**2,306,403**	2,389,097
Mortgage borrowings(b)	**4,875,824**	4,758,850
Guaranteed borrowings(c)	**3,004,339**	3,077,203
	34,858,164	27,130,264
Less: Current portion of long-term borrowings		
Credit borrowings	**(6,016,085)**	(3,400,662)
Pledge borrowings	**(414,032)**	(346,558)
Mortgage borrowings	**(319,902)**	(253,324)
Guaranteed borrowings	**(1,475,073)**	(1,482,030)
Sub-total	**(8,225,092)**	(5,482,574)
	26,633,072	21,647,690

(a) As at 30 June 2023, RMB 343,146 thousand of the Group's bank mortgage loans (31 December 2022: RMB 343,146 thousand) were fixed asset syndicated loans borrowed by subsidiaries of the Group. Due to the uncompleted construction of the project, relevant procedures for mortgage/pledge guarantees have not been completed.

As at 30 June 2023, the Group pledged fixed assets with a carrying amount of RMB 661,254 thousand (31 December 2022: RMB 511,361 thousand) and intangible assets with a carrying amount of RMB 1,473,966 thousand (31 December 2022: RMB 1,325,872 thousand) to obtain long-term borrowings of RMB 2,306,403 thousand.

(b) As at 30 June 2023, the Group pledged long-term receivables with a carrying amount of RMB 1,854,799 thousand (31 December 2022: RMB 1,316,094 thousand) to obtain long-term borrowings of RMB 1,793,461 thousand.

As at 30 June 2023, 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 3,082,363 thousand (31 December 2022: RMB 2,904,450 thousand).

(c) As at 30 June 2023, the Company and its subsidiaries provided guarantees of RMB 3,004,339 thousand for long-term borrowings of certain subsidiaries (31 December 2022: RMB 3,077,203 thousand).

As at 30 June 2023, the interest rate range of long-term borrowings was 0.30% to 6.534% (31 December 2022: 0.30% to 5.850%).

18. BONDS PAYABLE

	31 December 2022 (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 2023 (Unaudited) RMB'000
Medium-term notes (Phase I) (a)	2,500,534	-	51,449	2,839	-	2,554,822
2022 green medium-term notes (Phase I) (b)	764,771	-	11,827	296	(23,850)	753,044
	3,265,305					3,307,866
Less: Current portion of bonds payable	(2,516,608)					(2,558,873)
	748,697					748,993

(a) The Group issued on 13 December 2018 the first tranche of medium-term notes of 2018 of Shanghai Electric Group Company Limited with a term of 5 years, interest commencement date of 17 December 2018 and maturity date of 17 December 2023, with a planned total issue amount of RMB2.5 billion and an actual total issue amount of RMB2.5 billion. The interest rate was 4.15% (1% above the 3-month Shanghai Interbank Offered Rate as at 14 December 2018) and was issued at par value.

(b) Shanghai Electric Wind Power Group Co., Ltd., a subsidiary of the Group, issued its 2022 green medium-term notes (Phase I) on 29 April 2022 with a term of 3 years. The interest commencement date and the maturity date of such notes are 29 April 2022 and 29 April 2025 respectively. The planned total issuance amount was RMB750 million, equivalent to the actual total issuance amount. The notes were issued at par value with the interest rate of 3.18%.

19. DEFINED BENEFIT PLAN

The defined benefit plan requires employee contributions. Contributions are made in two ways, namely, contributions to the plan based on the number of years of service and a fixed percentage of the employee's salary. Employees can also contribute to the plan at their discretion.

This plan exposes the Group to actuarial risks, such as investment risk, interest rate risk, longevity risk and salary risk.

Investment risk
The present value of defined benefit plan liabilities is calculated at a discount rate determined with reference to the yield of high-quality corporate bonds. If the return on the plan's assets is lower than the discount rate, the plan will incur a deficit. Due to the long-term nature of plan liabilities, the Pension Fund Committee believes that it is appropriate to invest a reasonable portion of plan assets in funds invested by insurance companies to take advantage of the returns generated by the funds.

Interest rate risk
The reduction in bond interest rates will lead to an increase in planned debt; however, this will be partially offset by an increase in the return on the planned debt investment.

Longevity risk
The present value of defined benefit plan liabilities is calculated by referring to the best estimate of the mortality rate of plan members during and after the employment period. An increase in the life expectancy of plan members will result in an increase in plan liabilities.

Salary risk
The present value of defined benefit plan liabilities is calculated by referring to the future salary of plan members. As a result, an increase in the salary of plan members will lead to an increase in plan liabilities.

(a) The composition of the defined benefit plan is as follows:

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Non-current liabilities	**99,504**	93,774
Current liabilities	**3,642**	5,468
	103,146	99,242

19. DEFINED BENEFIT PLAN(CONT'D)

(b) The main actuarial assumptions adopted at the end of the reporting period are as follows:

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Discount rate	**4.21%**	4.21%
Expected future increase in retirement cost ratio	**2.35%**	2.35%
Expected salary ratio increase	**2.60%**	2.60%

(c) The amount of the above defined benefit plan recognized in the statement of profit and loss and other comprehensive income is as follows:

	For the six months ended 30 June 2023 (Unaudited) RMB'000	For the six months ended 30 June 2022 (Unaudited) RMB'000
Service cost:		
Current service cost	**1,319**	1,387
Net interest expense	**861**	743
Expected return on plan assets	**(120)**	(34)
Defined benefit cost composition recognized in profit or loss	**2,060**	2,096
Remeasured net defined benefit liabilities:		
Obligation actuarial loss	**-**	88
Actuarial loss of planned assets	**-**	(88)
Defined benefit cost composition recognized in other comprehensive expenses	**-**	-
Total	**2,060**	2,096

(d) Changes in the present value of defined benefit obligations are as follows:

	For the six months ended 30 June 2023 (Unaudited) RMB'000	For the six months ended 30 June 2022 (Unaudited) RMB'000
Defined benefit obligation at the beginning of the year	**106,112**	144,540
Current service cost	**1,319**	1,387
Interest expenses	**861**	743
Obligation actuarial loss	**-**	88
Benefits paid	**(4,134)**	(7,012)
Exchange differences for overseas plans	**6,404**	(13,652)
Defined benefit obligation at the end of the period	**110,562**	126,094

19. DEFINED BENEFIT PLAN(CONT'D)

(e) The changes in the fair value of plan assets are as follows:

	For the six months ended 30 June 2023 (Unaudited) RMB'000	For the six months ended 30 June 2022 (Unaudited) RMB'000
Fair value of planned assets at the beginning of the year	**6,870**	6,604
Expected return	**121**	35
Actuarial gain/(loss) of planned assets	**-**	88
Benefits paid	**-**	(86)
Exchange differences for overseas plans	**426**	(195)
Fair value of planned assets at the end of the period	**7,417**	6,446
Defined benefit obligation at the end of the period	**126,094**	157,502

(f) The fair value of plan assets classified by category at the end of the reporting period is as follows:

	For the six months ended 30 June 2023 (Unaudited) RMB'000	For the six months ended 30 June 2022 (Unaudited) RMB'000
Insurance company investment funds	**7,417**	6,870

20. SHARE CAPITAL

	31 December 2022 (Audited) RMB'000	Movements in the current period Shares newly issued RMB'000	Bonus share RMB'000	Transfer from capital surplus RMB'000	Others RMB'000	Sub-total RMB'000	30 June 2023 (Unaudited) 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

	31 December 2021 (Audited) RMB'000	Movements in the current period Shares newly issued RMB'000	Bonus share RMB'000	Transfer from capital surplus RMB'000	Others RMB'000	Sub-total RMB'000	30 June 2022 (Unaudited) RMB'000
Ordinary shares denominated in RMB	12,781,489	-	-	-	(126,162)	(126,162)	12,655,327
Foreign shares listed overseas	2,924,482	-	-	-	-	-	2,924,482
	15,705,971	-	-	-	(126,162)	(126,162)	15,579,809

21. 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, 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. In May 2023, the Company received notice from the SICC that the Guarantor had filed an application to set aside the arbitral award by the SIAC in the SICC, which application for setting aside was accepted by the SICC.

On 23 February 2021, the Company received a notice from SIAC for the acceptance of the arbitration application, and the buyer and its related parties requested the Company to compensate their losses of approximately USD 416 million, 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 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 July 2022, the High Court of Bombay in India dismissed the petition 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 December 2021, the Company received a notice from SIAC for the acceptance of the arbitration application, 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.

As at the issue date of these financial statements, the above arbitration cases had not yet been heard. Management believed that it was unlikely that SIAC would uphold the claims against the Company and thus no provisions were made for the lawsuits.

Except for the above lawsuits, as at 30 June 2023, the Group's contingent liabilities arising from other pending lawsuits and arbitration cases amounted to RMB 1,045,330 thousand (31 December 2022: RMB 832,710 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 2023, the upper limit of loan guarantees to be provided by the Group for related parties was RMB 2,538,837 thousand (31 December 2022: RMB 2,539,734 thousand), while the balance of loan guarantees already provided by the Group was RMB 1,065,053 thousand (31 December 2022: RMB 2,107,586 thousand). The Group provided counter-guarantees to Electric Holdings in an amount not expected to exceed USD 166.8 million (equivalent to RMB 1.205 billion). In the current period, there were RMB 1000 thousand bank acceptance notes issued for related parties (31 December 2022: Nil). The Group recognised the above-mentioned related provisions of RMB 225,545 thousand.

As at 30 June 2023, there were no significant contingent liabilities related to the equity of joint ventures and associates.

22. COMMITMENTS

(1) Capital commitments

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Contracted	**2,255,157**	1,788,918
Authorised but not contracted	**99,325**	2,110
	2,354,482	1,791,028

(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 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Within 1 year (inclusive)	**49,797**	52,568
1 to 2 years (inclusive)	**50,777**	46,200
2 to 3 years (inclusive)	**49,793**	43,520
Over 3 years	**209,287**	206,975
	359,654	349,263

(3) Investment commitments

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Contracted but not fulfilled	**910,626**	534,126

23. RELATED PARTY TRANSACTIONS

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

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

	For the six months ended 30 June 2023 (Unaudited) RMB'000	For the six months ended 30 June 2022 (Unaudited) RMB'000
Purchase of materials from:		
SEC group companies	**143,132**	35,872
Joint ventures	**29,429**	-
Associates	**1,547,358**	1,744,259
Other related companies	**542,150**	135,880
	2,262,069	1,916,011
Sales of goods to:		
SEGC	**4,864**	138,949
SEC group companies	**149,914**	85,002
Joint ventures	**3**	10
Associates	**340,390**	233,916
Other related companies	**2,368,643**	1,452,830
	2,863,814	1,910,707

23. 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 2023 (Unaudited) RMB'000	For the six months ended 30 June 2022 (Unaudited) RMB'000
As a leasor:		
Lease income:		
SEGC	**4,040**	8,081
SEC group companies	**11,283**	14,174
Joint ventures	**3,482**	-
Associates	**7,709**	6,650
Other related companies	**10,449**	8,998
	36,963	37,903
Right-of-use assets recognized as a leasee:		
Lessor:		
SEC group companies	**1,127**	10,283

23. RELATED PARTY TRANSACTIONS (CONT'D)

(2) Deposits and loan repaid by related parties

	For the six months ended 30 June 2023 (Unaudited) RMB'000	For the six months ended 30 June 2022 (Unaudited) RMB'000
SEGC	**30,750**	450,000
SEC group companies	**5,811**	318,803
	36,561	768,803

(3) Guarantees provided to related parties

	30 June 2023 (Unaudited)		31 December 2022 (Audited)	
	Maximum amount RMB'000	Actual guarantee amount RMB'000	Maximum amount RMB'000	Actual guarantee amount RMB'000
China National Machinery Power Engineering Co., Ltd.	1,256,000	471,200	1,256,000	1,159,600
Yumen Xinneng CSP No.1 Electric Power Co., Ltd.	100,000	71,000	100,000	75,000
Suzhou Thvow Technology Co., Ltd.	910,000	302,000	910,000	649,400
Nabtesco (China) Precision Machine Co., Ltd.	19,837	19,837	20,734	20,734
Tianjin Qingyuan Water Treatment Technology Co., Ltd.	253,000	201,016	253,000	202,852

A subsidiary of the Group and SEGC jointly established Shanghai Electric Investment (Dubai) Co., Ltd. to participate in the power station project. After the project is launched, SEGC provides guarantees for the financing of the project company. The Group provides counter-guarantees to SEGC according to the indirect shareholding ratio of 20% of the project company. The counter-guarantee is expected to not exceed USD 166,8 million (equivalent to RMB 1,205 million). As at 30 June 2023, the counter-guarantee was in Stage 1.

23. RELATED PARTY TRANSACTIONS (CONT'D)

(4) Compensation of key management personnel of the Group (Unit:HKB'000)

	For the six months ended 30 June 2023 (Unaudited) HKB'000	For the six months ended 30 June 2022 (Unaudited) HKB'000
Director	**1,545**	2,044
Supervisor	**640**	691
Senior management	**3,231**	3,472
	5,416	6,207

24. 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 2023.